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CREATING OPPORTUNITIES

Georgia's Economic Outlook

September 20, 2025
HBS OPM 64 Reunion
Tbilisi, Georgia

EUROMONEY AWARDS FOR EXCELLENCE 2025 GEORGIA BEST INVESTMENT BANK

EUROMONEY CAPITAL MARKETS AWARDS 2025 GEORGIA BEST BROKER

Galt & Taggart Largest Investment Bank in Georgia

INVESTMENT BANKING	**MARKET LEADER IN CORPORATE DEBT & CAPITAL MARKET FINANCING AND ADVISORY**
BROKERAGE	**#1 BROKERAGE IN GEORGIA OFFERING ACCESS TO INTERNATIONAL AND LOCAL FINANCIAL MARKETS**
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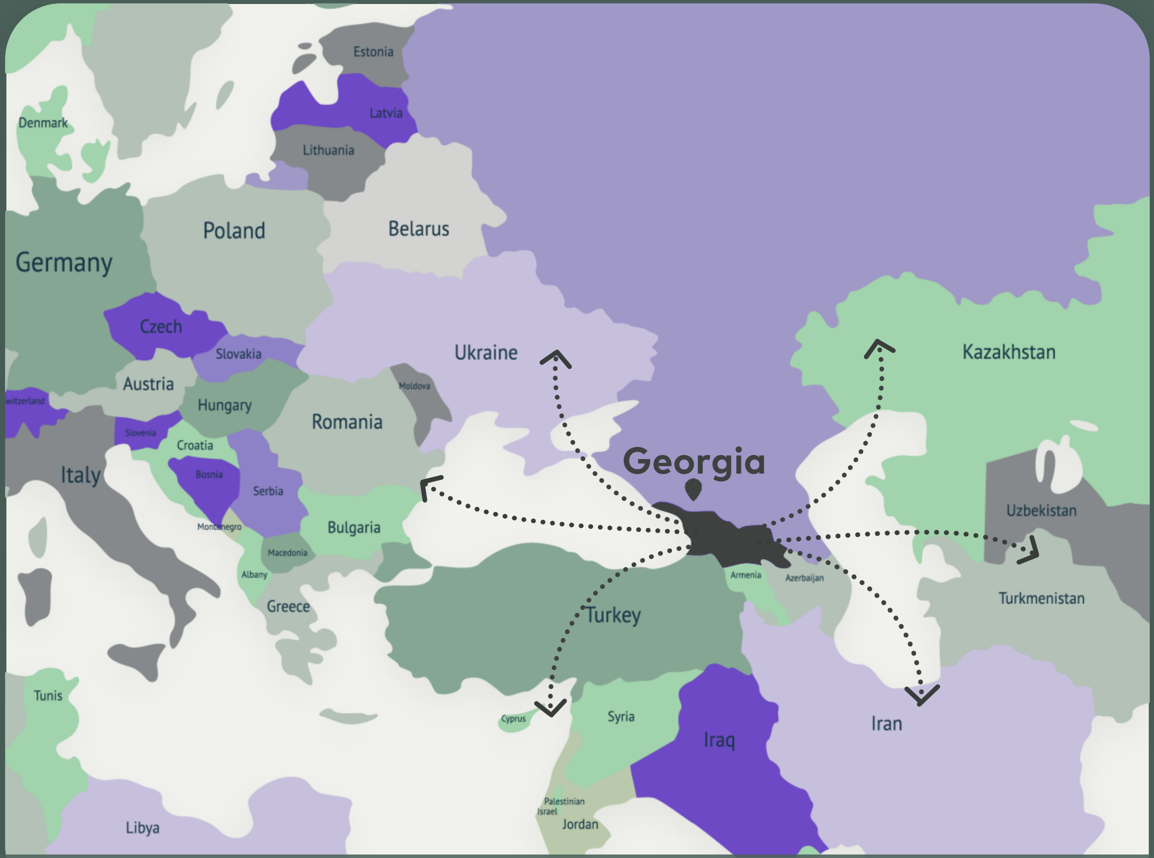
Georgia's Economic Outlook

Content

- Georgia's economic trends
- Inflation and monetary policy
- Fiscal policy

Georgia – key figures



Population: **3.7 million**
Territory: **69,700 km²**
Capital: **Tbilisi**
Currency: **GEL**

Nominal GDP: **US$ 33.8bn**
GDP per capita: **US$ 9,141**
Real GDP 10y growth: **5.6%**
Inflation 10y average: **5.0%**

Sovereign credit ratings

Agency	MOODY'S	FitchRatings	S&P Global
Rating	Ba2	BB	BB

International rankings

Economic Freedom Index 2025: #35
Heritage Foundation

Corruption Perception Index 2024: #53
Transparency International

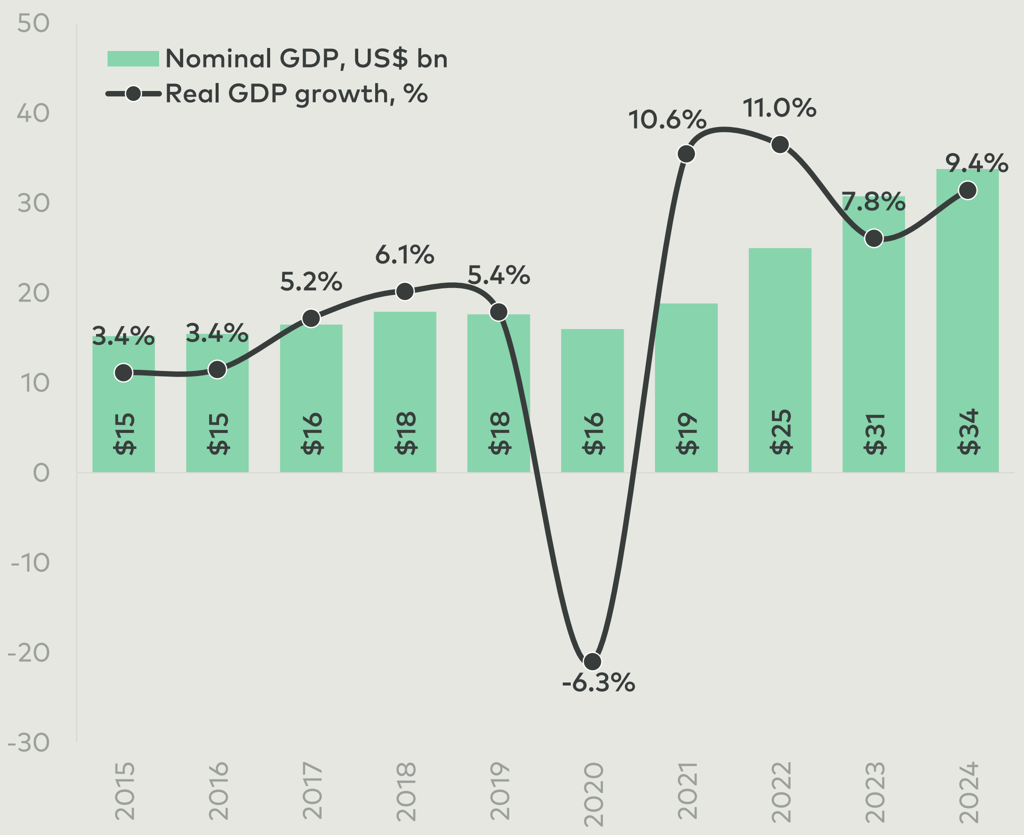
Business Bribery Risk Index 2024: #44
Trace International

Ease of Doing Business 2020: #7

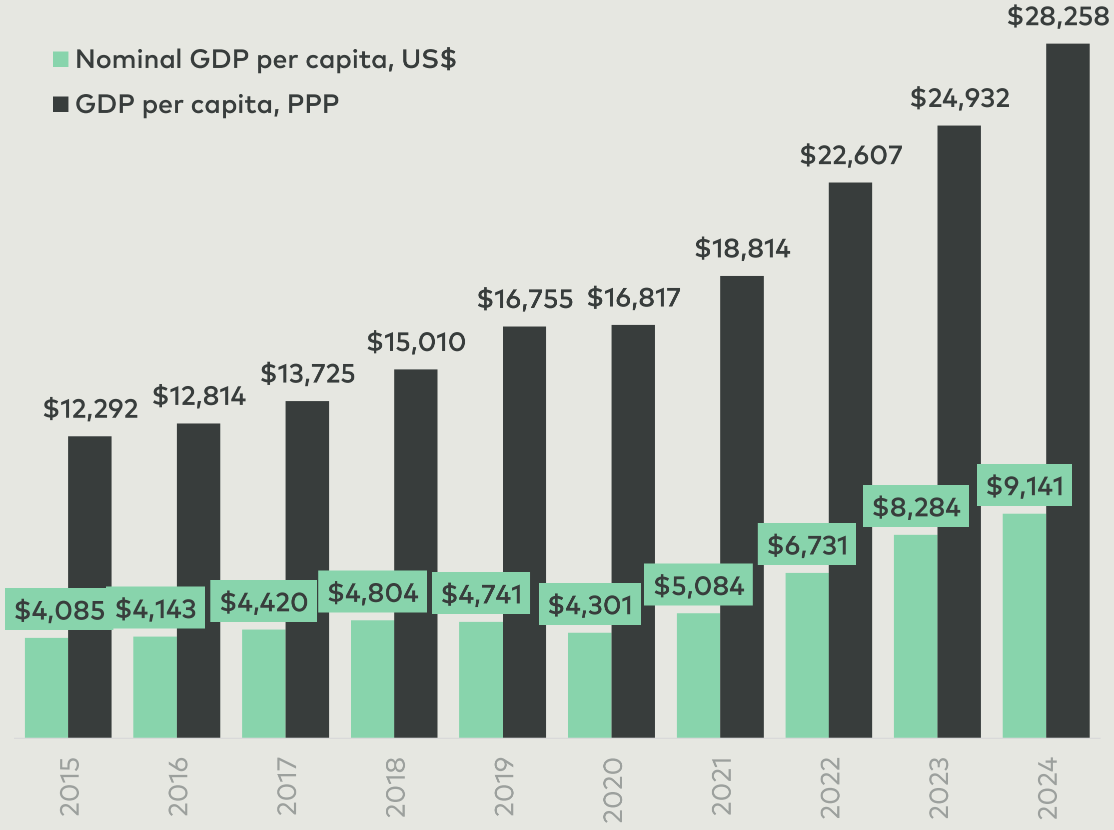
Source: Geostat, MoF, IMF, World Bank

Georgia's economy has a proven track record of strong growth, with per capita GDP doubling between 2021–24

Gross domestic product



GDP per capita

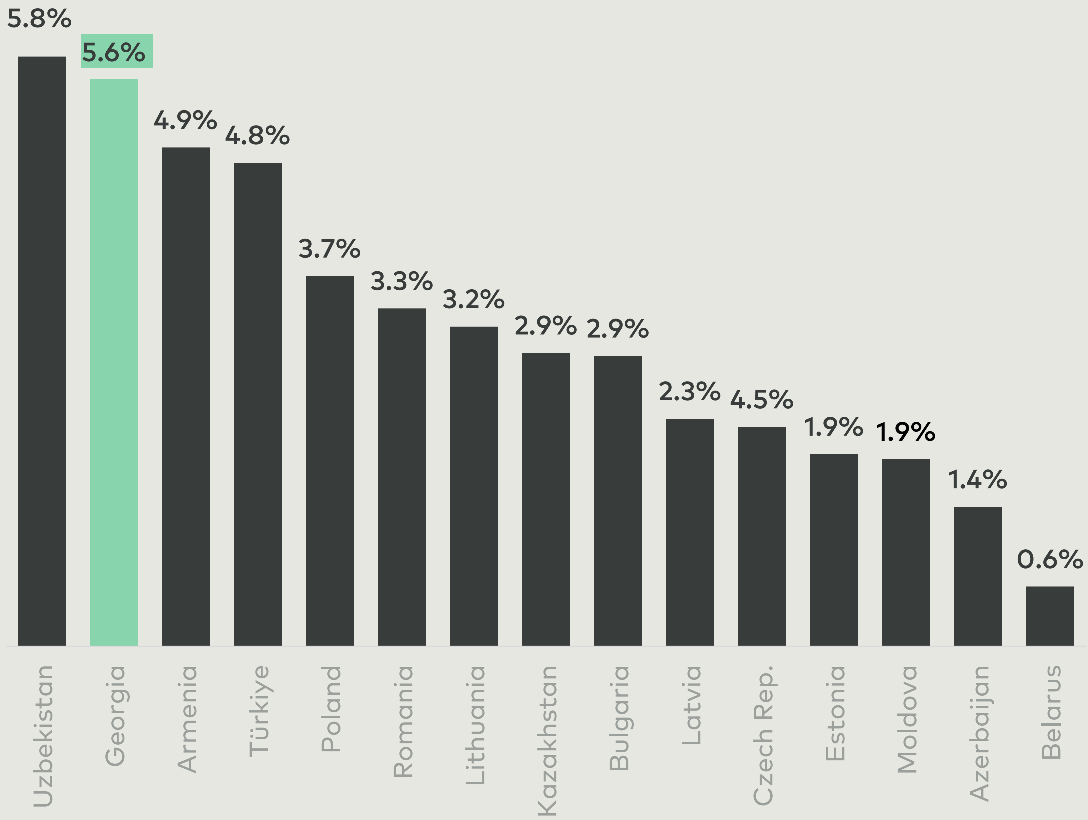


Source: Geostat, NBG, Galt & Taggart

Source: IMF - World Economic Outlook, April 2025

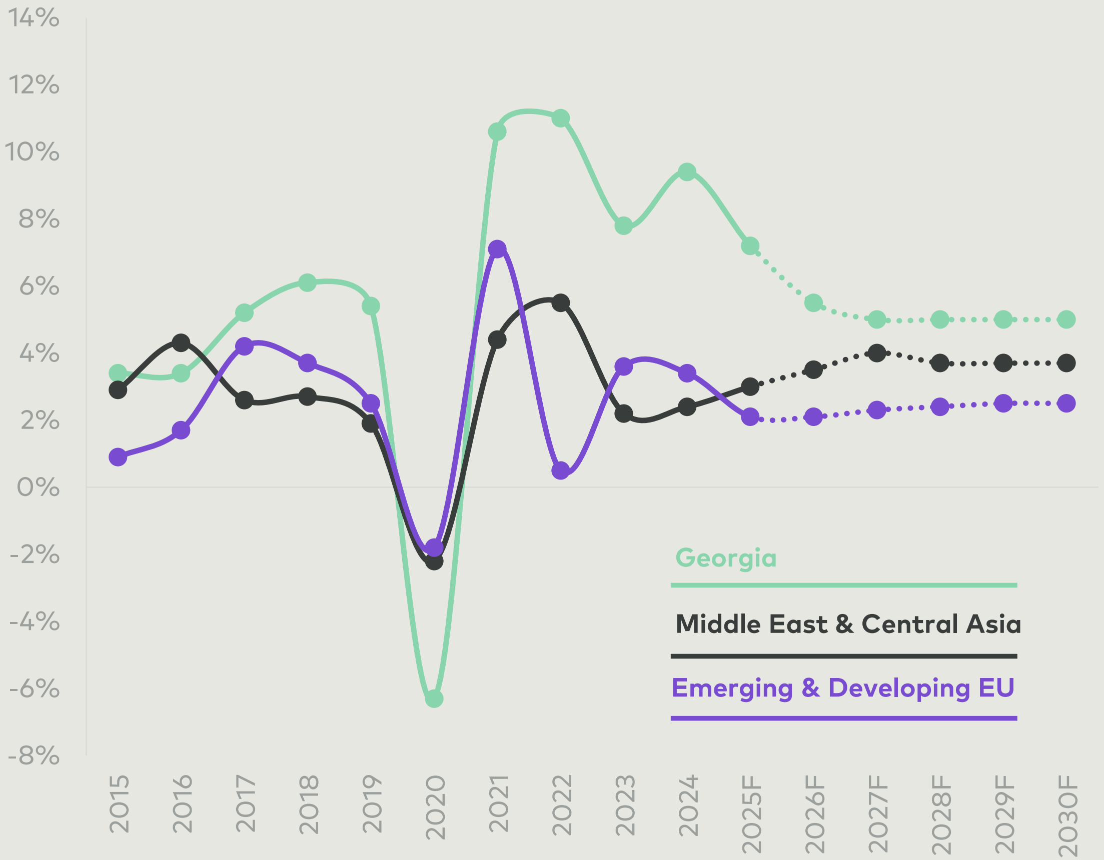
Georgia is fastest-growing economy in the region, resilient to global shocks, with average 5.2% growth expected over the next 5 years

Comparative real GDP growth rates, 2015-2024 average



Source: IMF, Geostat

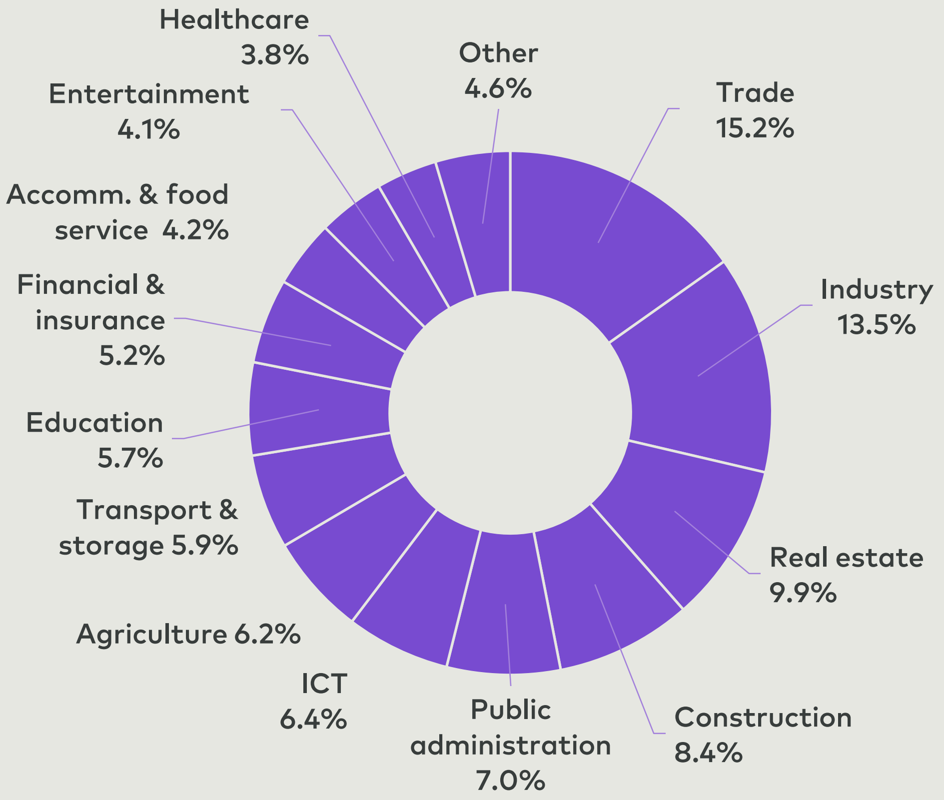
Real GDP growth projections



Source: IMF - World Economic Outlook, April 2025

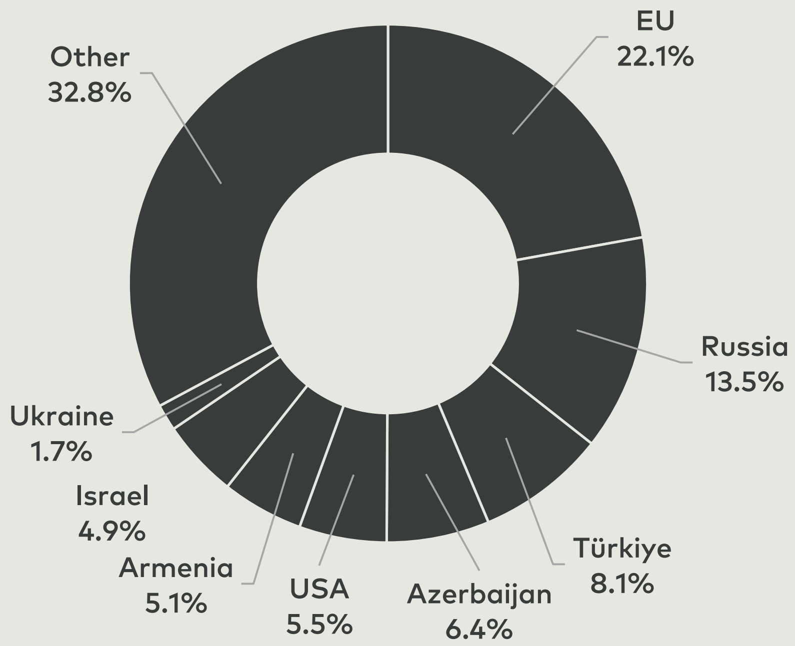
Georgia's strength comes from diversified economic base and diversified external economic linkages

Nominal GDP by sector, 2024



Source: Geostat

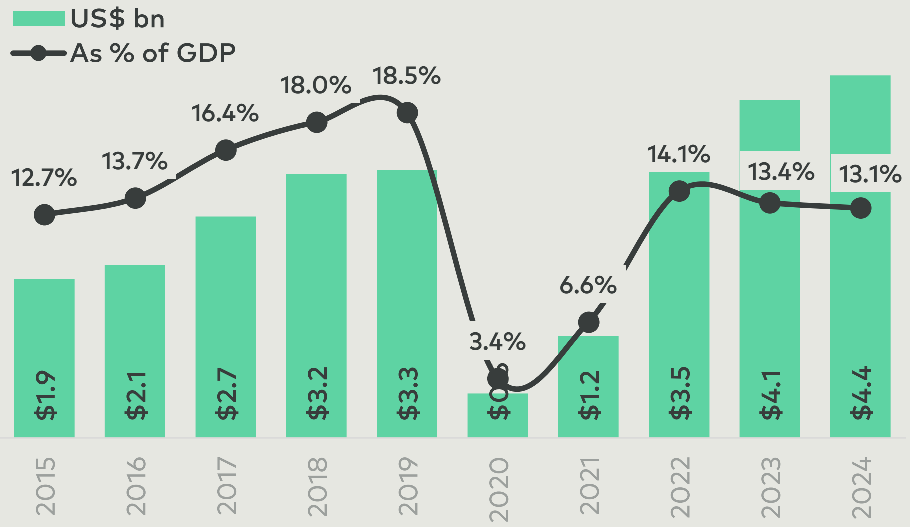
Exports, tourism, remittances and FDI by country in 2024, as of % of total



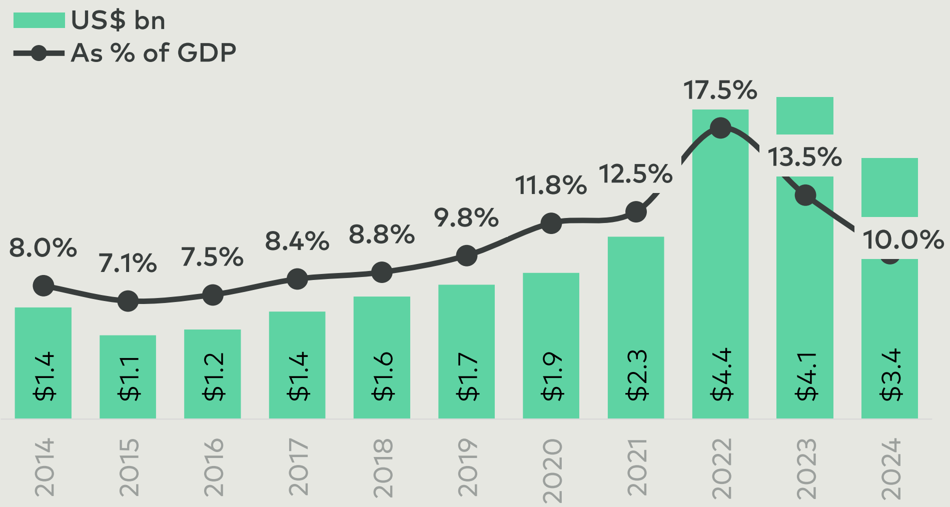
Source: Geostat, NBG, Galt & Taggart

Tourism and money transfers are key source of hard currency; exports are dominated by car re-exports and metals/minerals

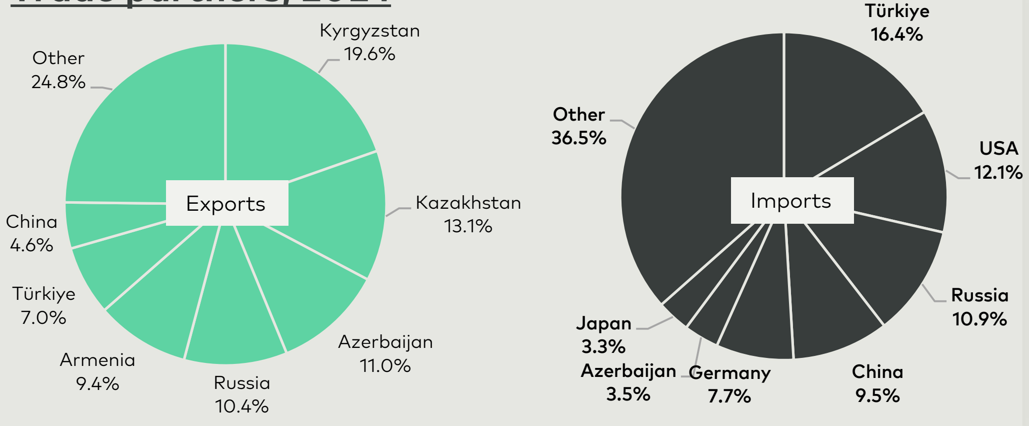
Tourism revenues



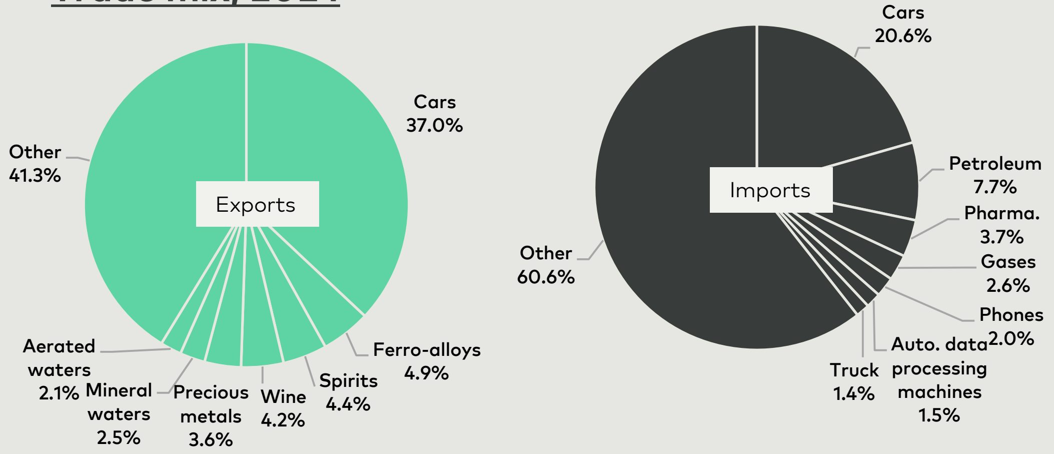
Money transfers



Trade partners, 2024

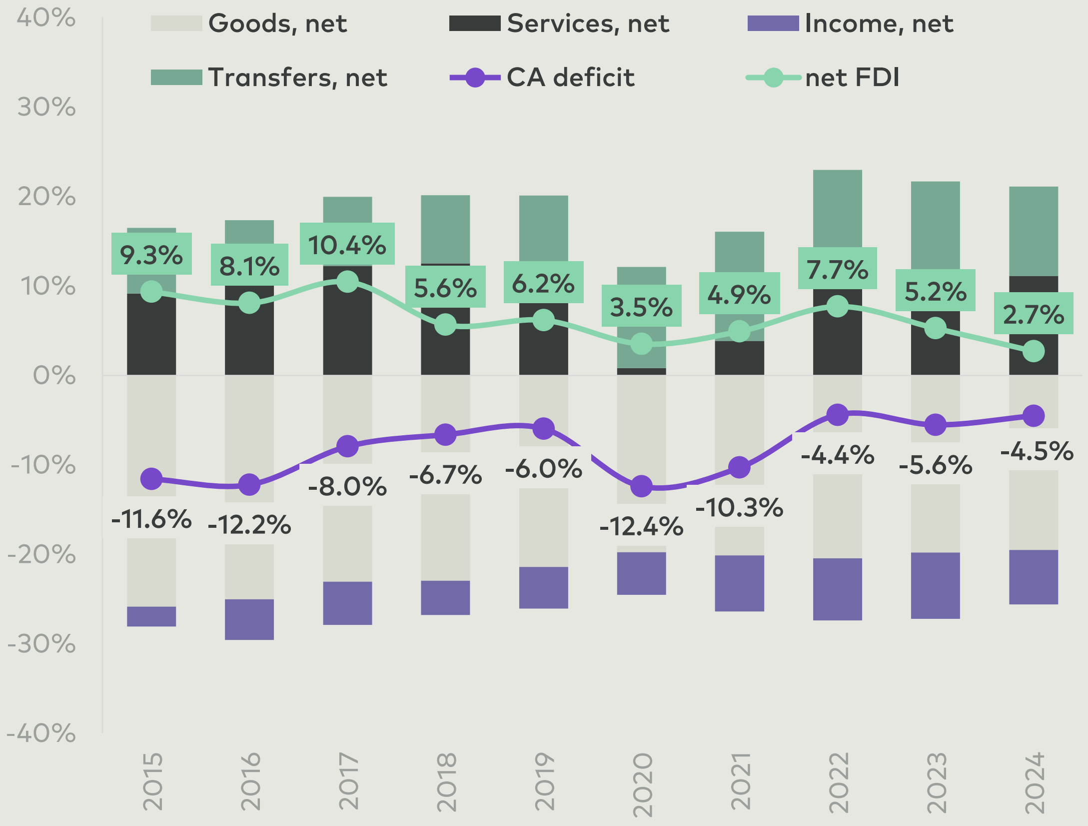


Trade mix, 2024



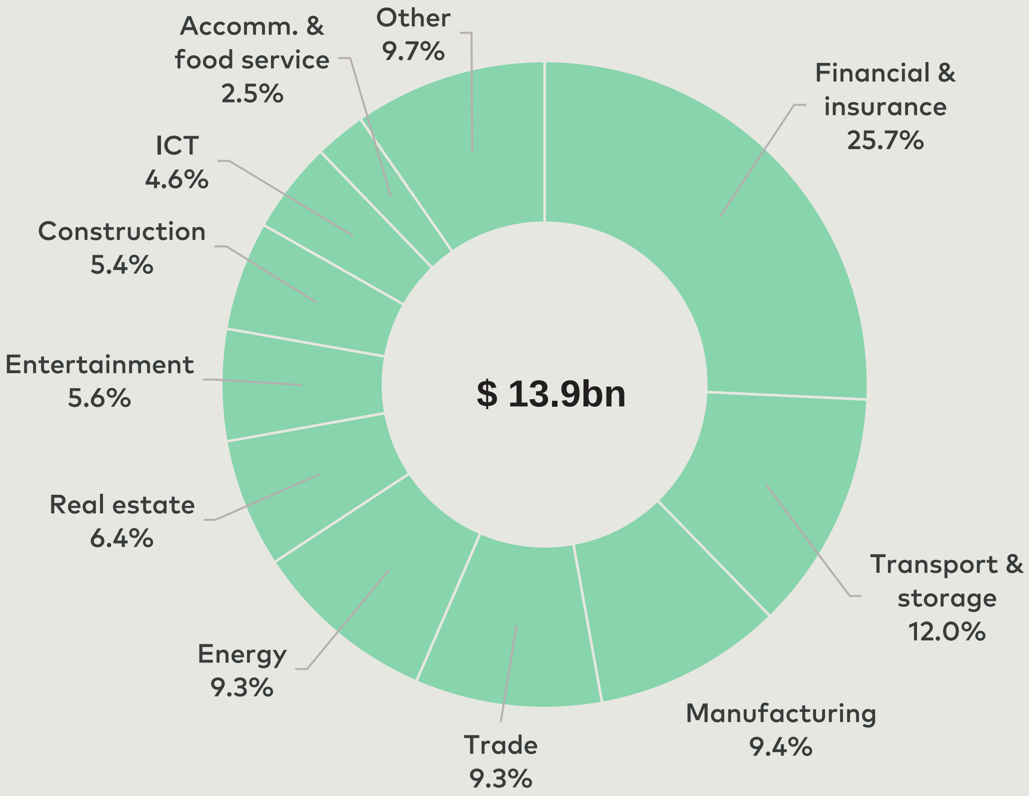
Current account deficit reduced in recent years, reflecting growth in services exports; FDI is a key source of deficit funding

Current account and net FDI, % of GDP



Source: NBG, Geostat

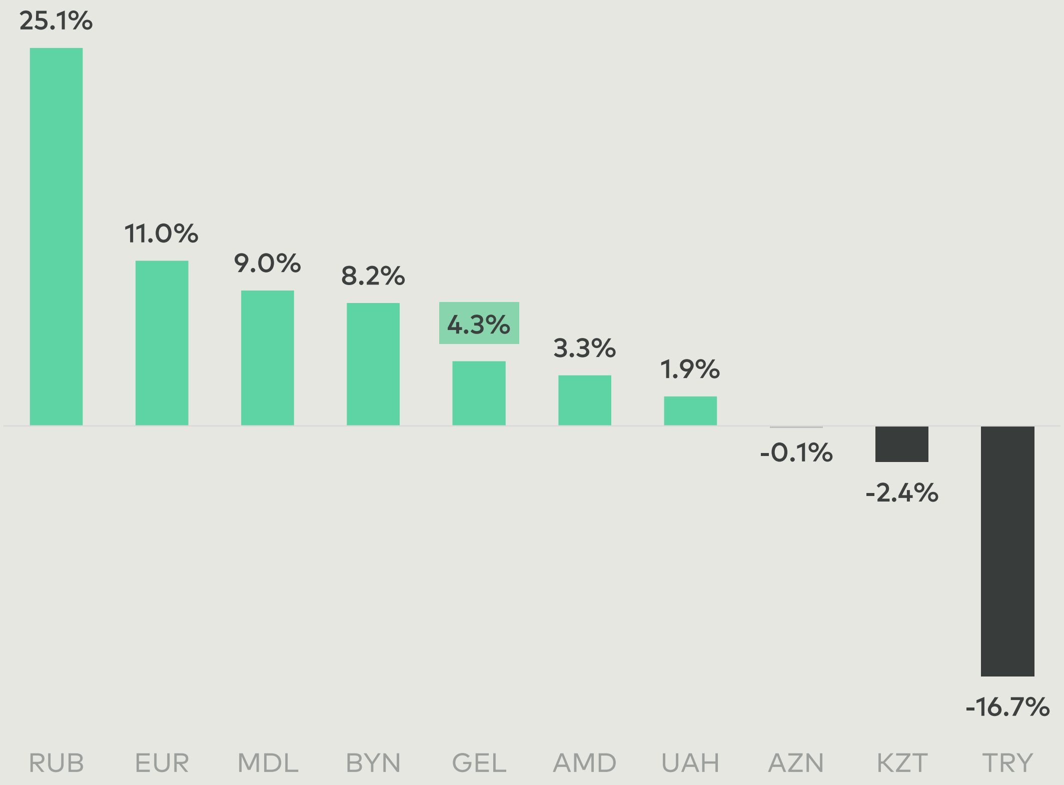
FDI by sector, cumulative 2016-2024



Source: NBG

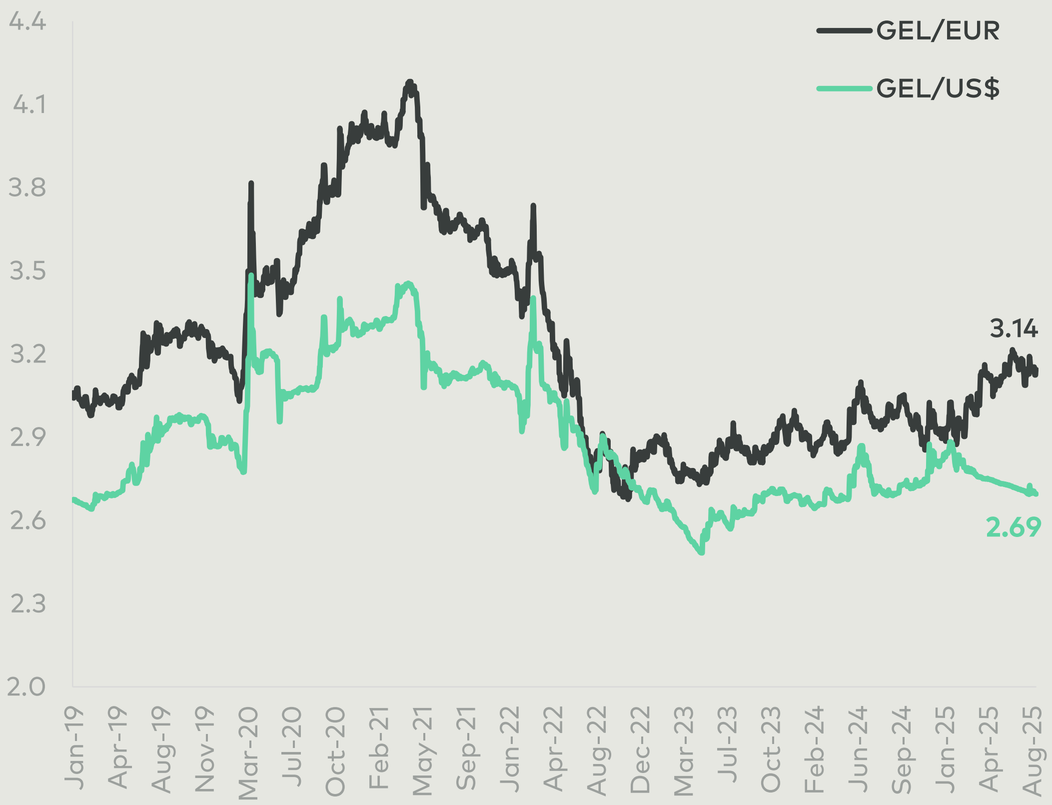
Georgia's floating exchange rate appreciated in recent years, amid strong growth and FX inflows

Currencies vs dollar, 1 Jan 2025 – 8 September 2025



Source: Bloomberg
Note: +/- means appreciation/depreciation vs. US$

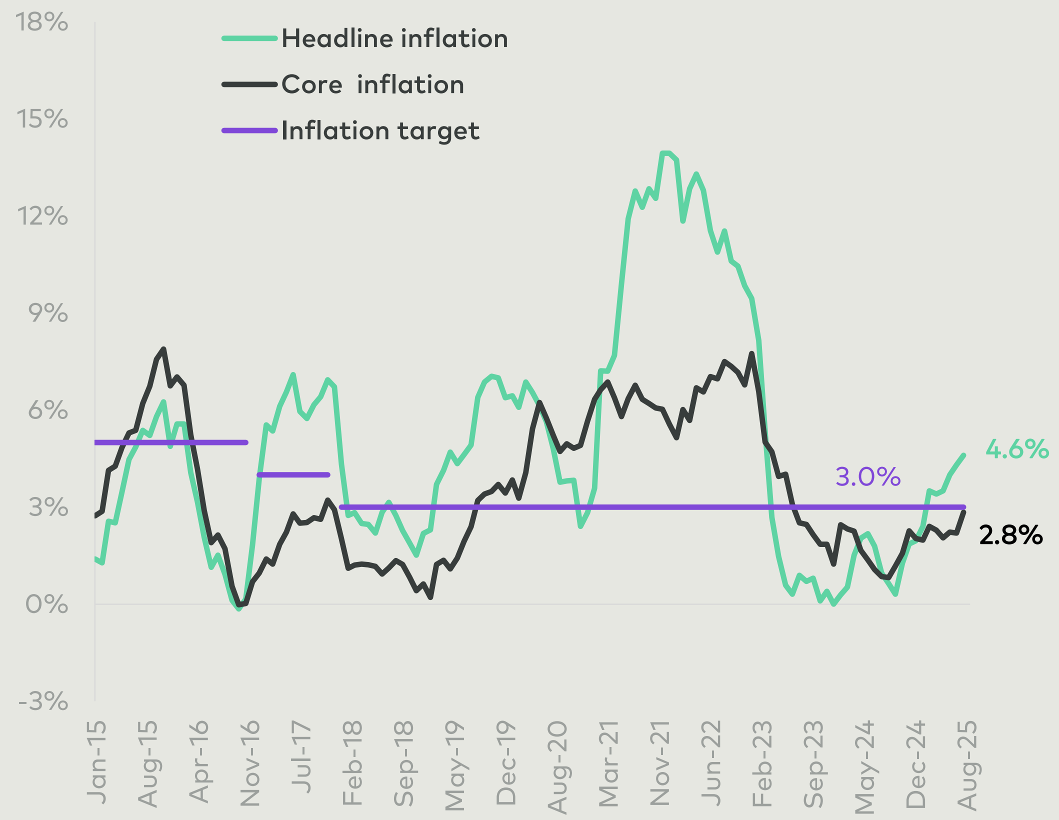
Average GEL/US$ and GEL/EUR



Source: NBG

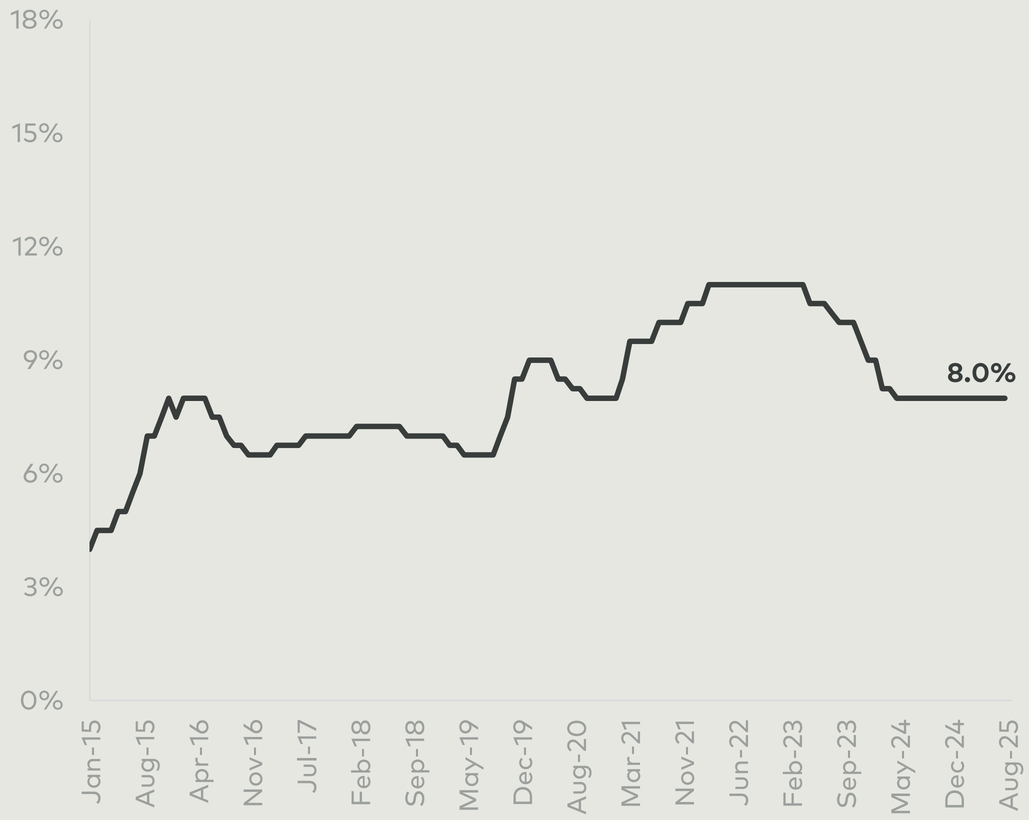
Inflation targeting regime since 2009; Headline inflation close to 3% target since 2023 enabling central bank to cut policy rate

Annual inflation



Source: Geostat, NBG

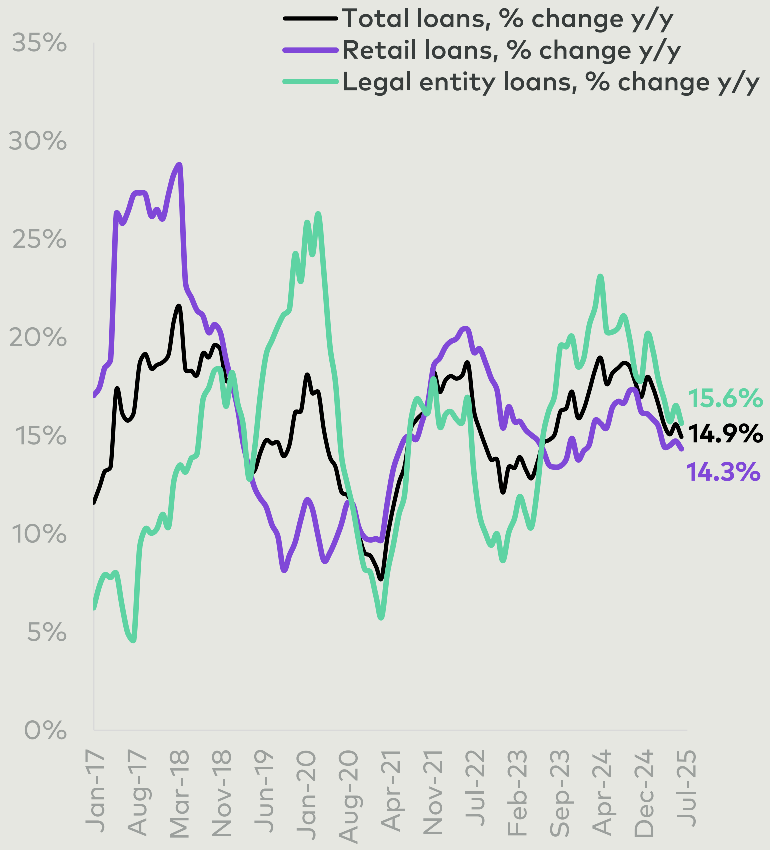
Monetary policy rate



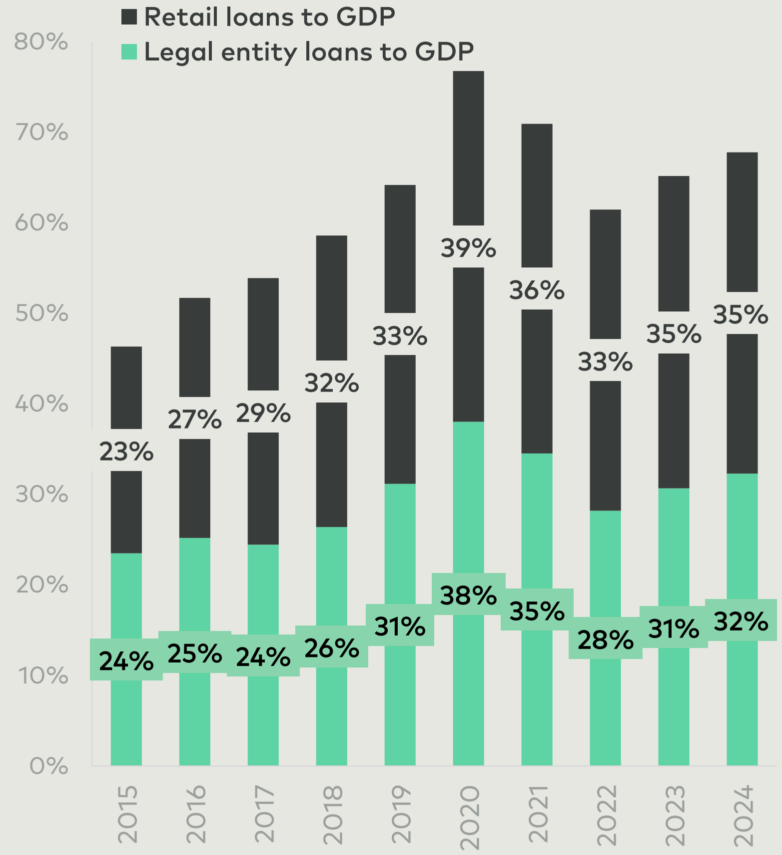
Source: NBG

Banking sector on the solid footing: banks well-capitalized with low NPLs and healthy loan-book growth

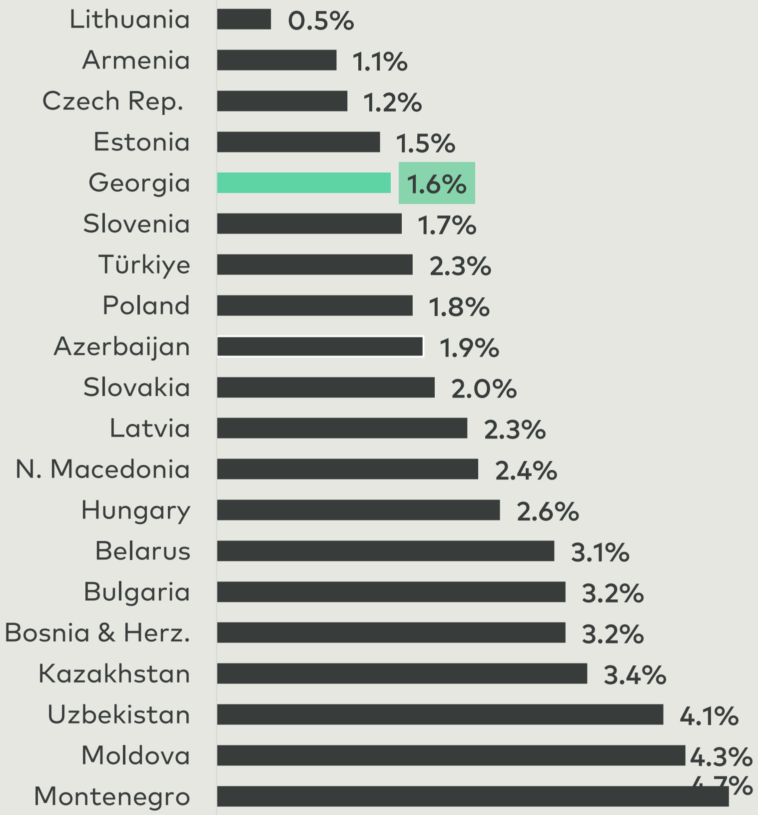
Loan book growth (exc. FX effect)



Banking sector retail & legal entity loans to GDP



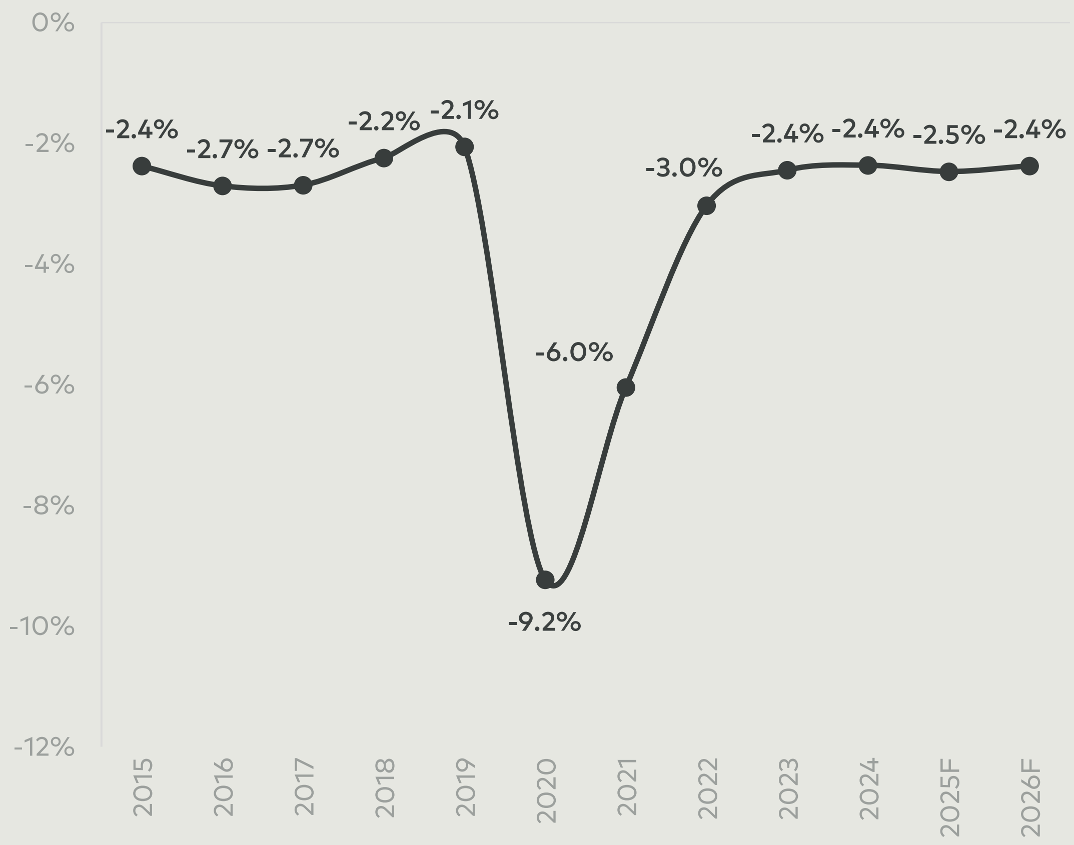
Non-performing loans, latest 2025



Source: NBG, Geostat, IMF

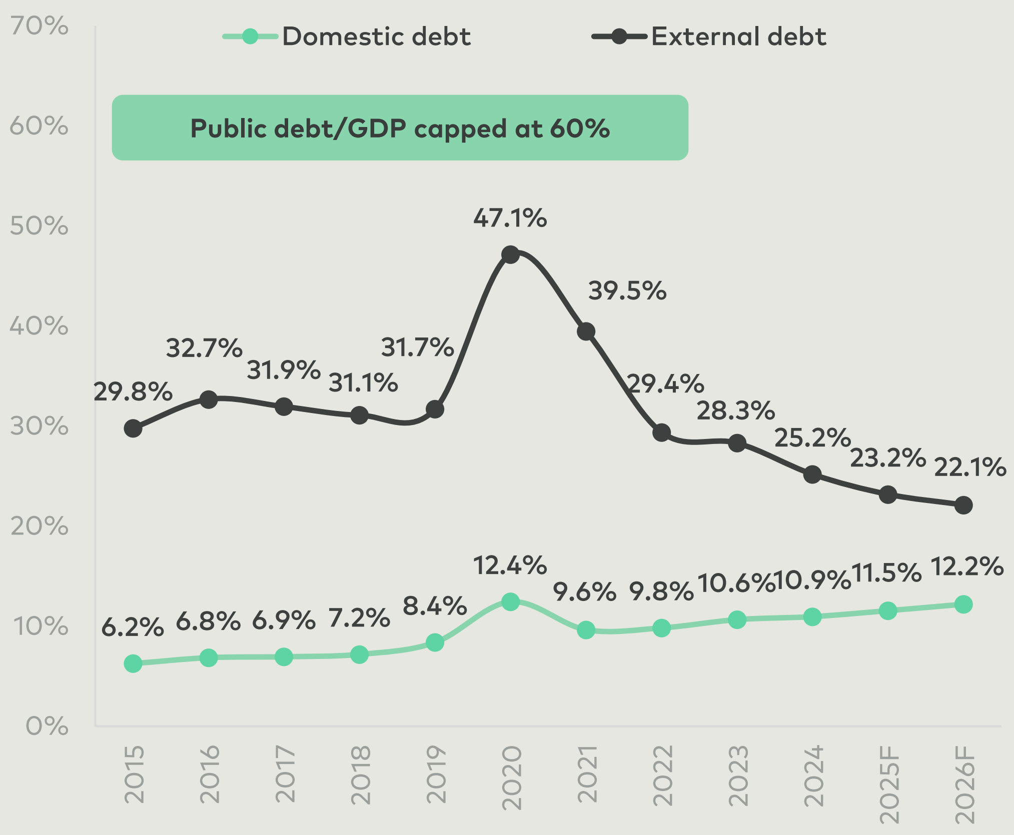
Fiscal framework is prudent - fiscal deficit below 3% of GDP and government debt below 40% of GDP

Fiscal deficit



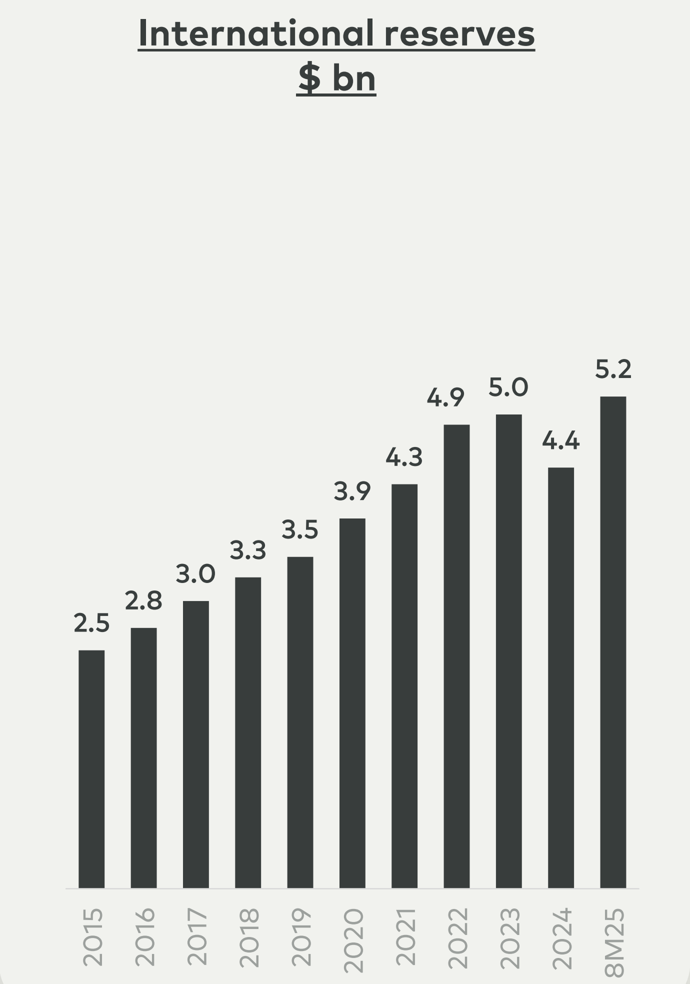
Source: MOF, Geostat
Note: Fiscal deficit according to IMF program definition

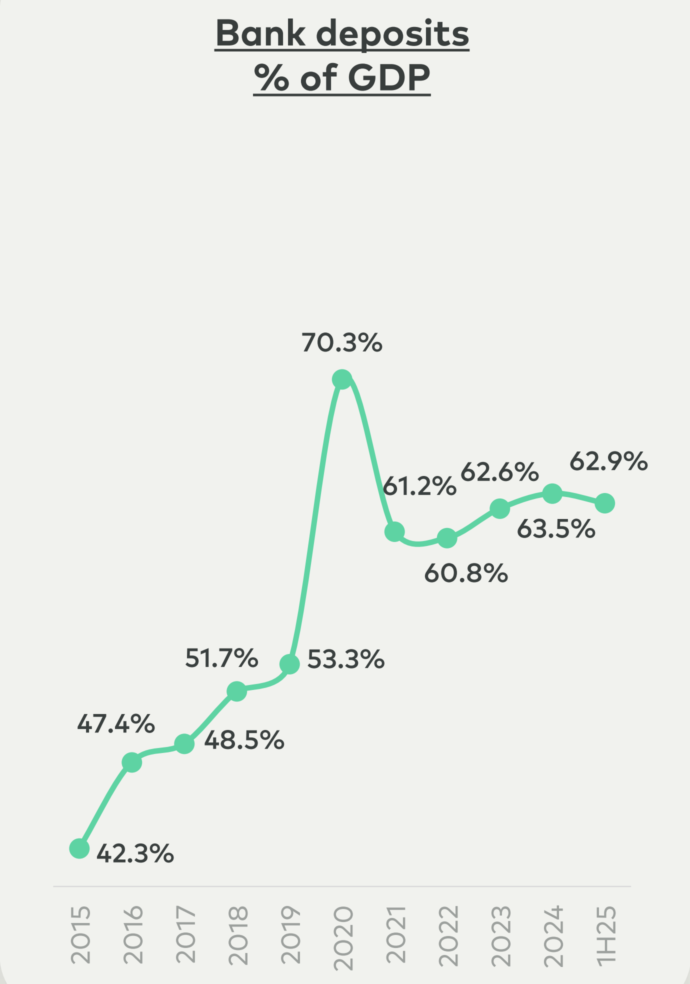
Government debt as % of GDP

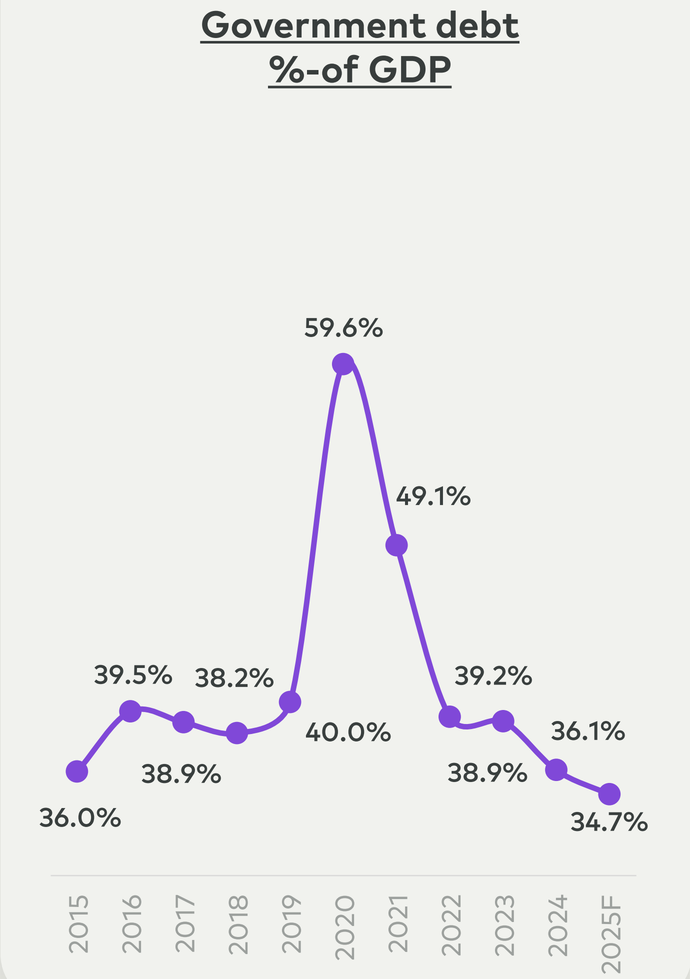


Source: MOF, Geostat

Georgia has adequate buffers to withstand potential shocks







Source:NBG, Geostat, MOF

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Sector overview

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- → Real estate market
- → Tourism sector
- → IT sector

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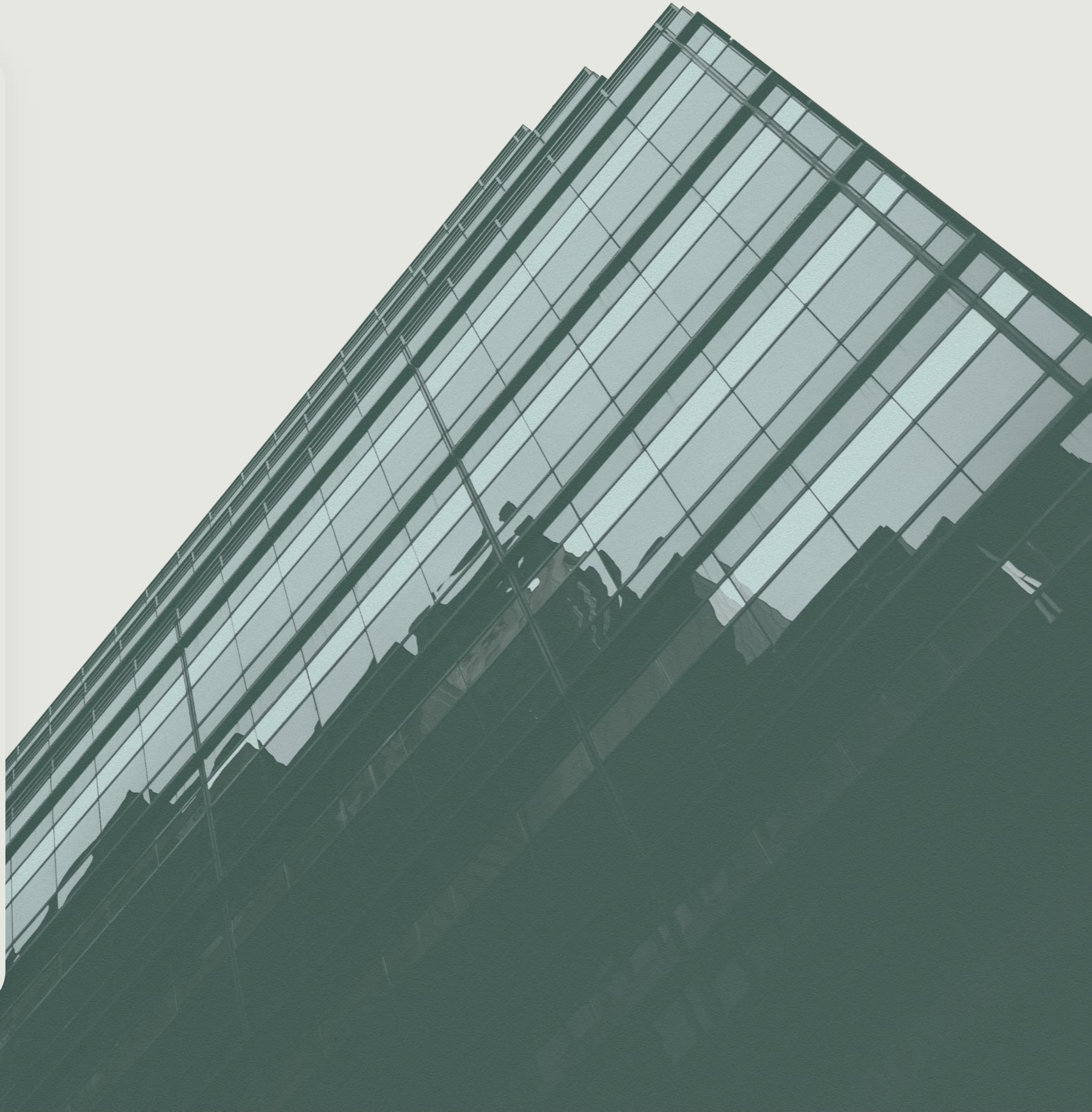
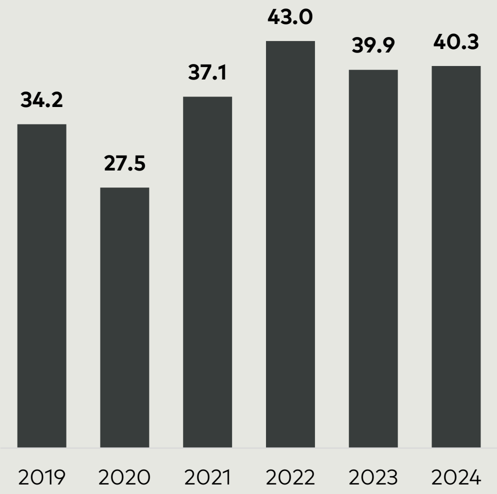
Real Estate



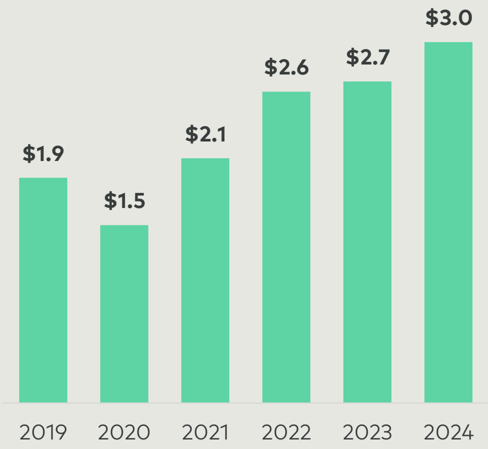
Tbilisi and Batumi are two real estate hotspots in Georgia

Tbilisi

Number of sold apartments, '000

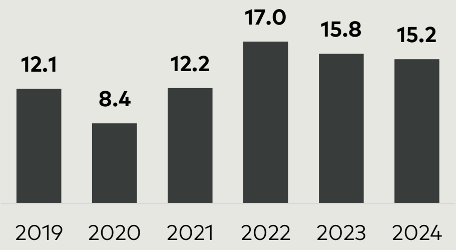


Market size Bn $

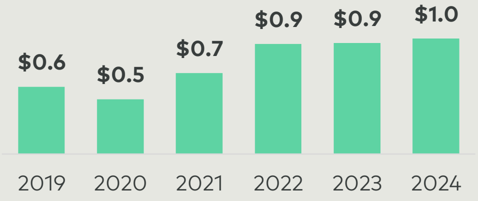


Batumi

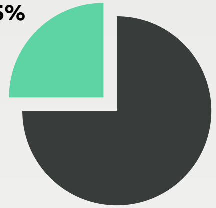
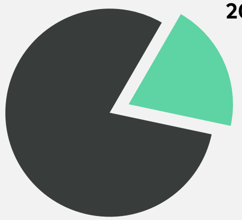
Number of sold apartments, '000



Market size Bn $

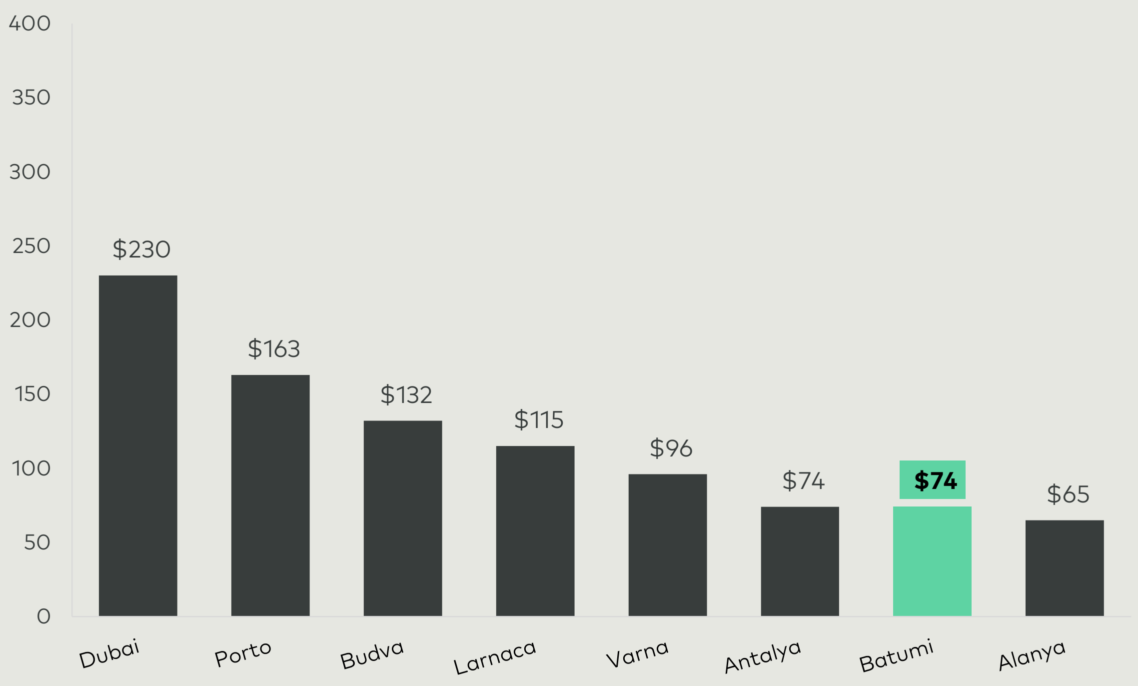


Both markets are attractive for investment purposes, with a high interest from foreigners

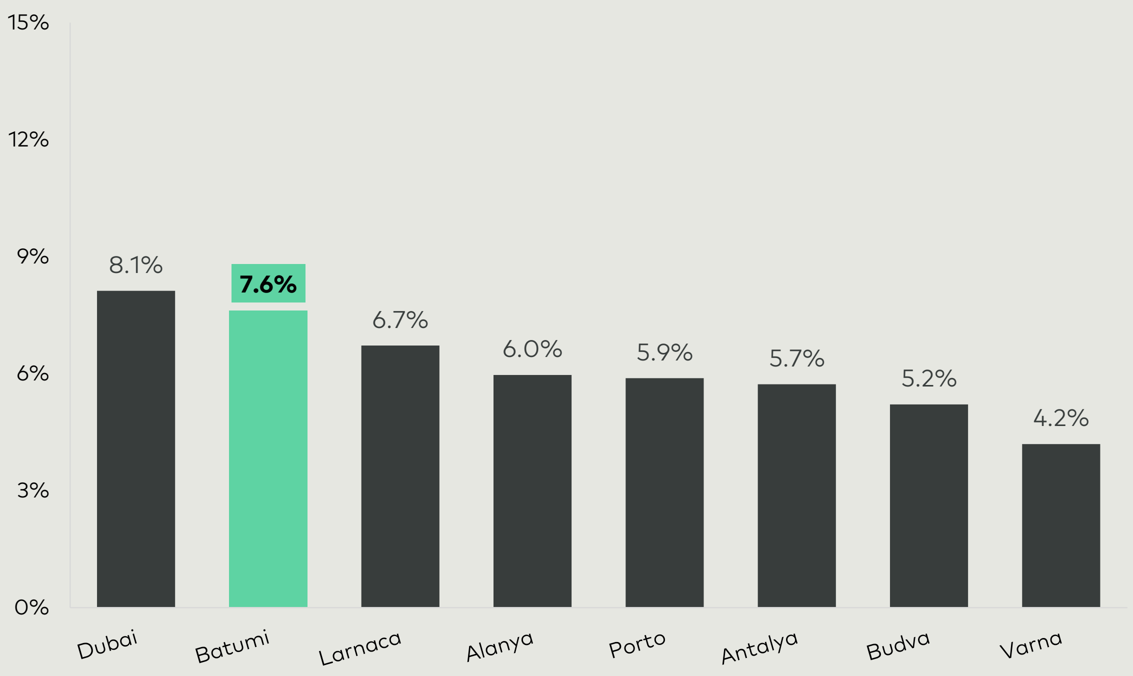
	Demand drivers	Average size of apartment	Sales by citizenship
Tbilisi	 Investment purpose 25%; Residential use 75%	70 sq.m.	 Foreigner 10-15%; Georgian 85-90%
Batumi	 Residential use 20%; Investment purpose 80%	40 sq.m.	 Georgian 30-40%; Foreigner 60-70%

Batumi real estate is cheaper than other coastal cities, with attractive yields

Average price of 40 sq.m. apartment in comparable cities in Aug-25, ‘000 US$



Average rental yield for 40 sq.m. apartment in peer cities, Aug-25

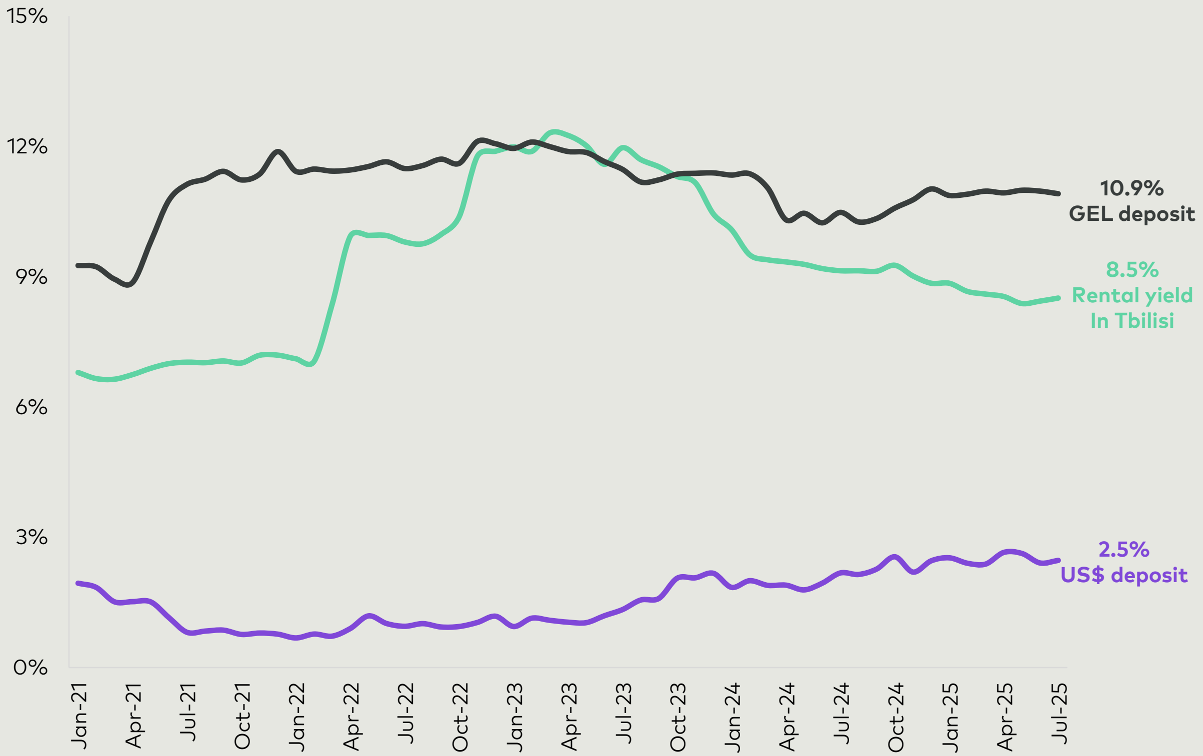


Source: Numbeo, Galt & Taggart

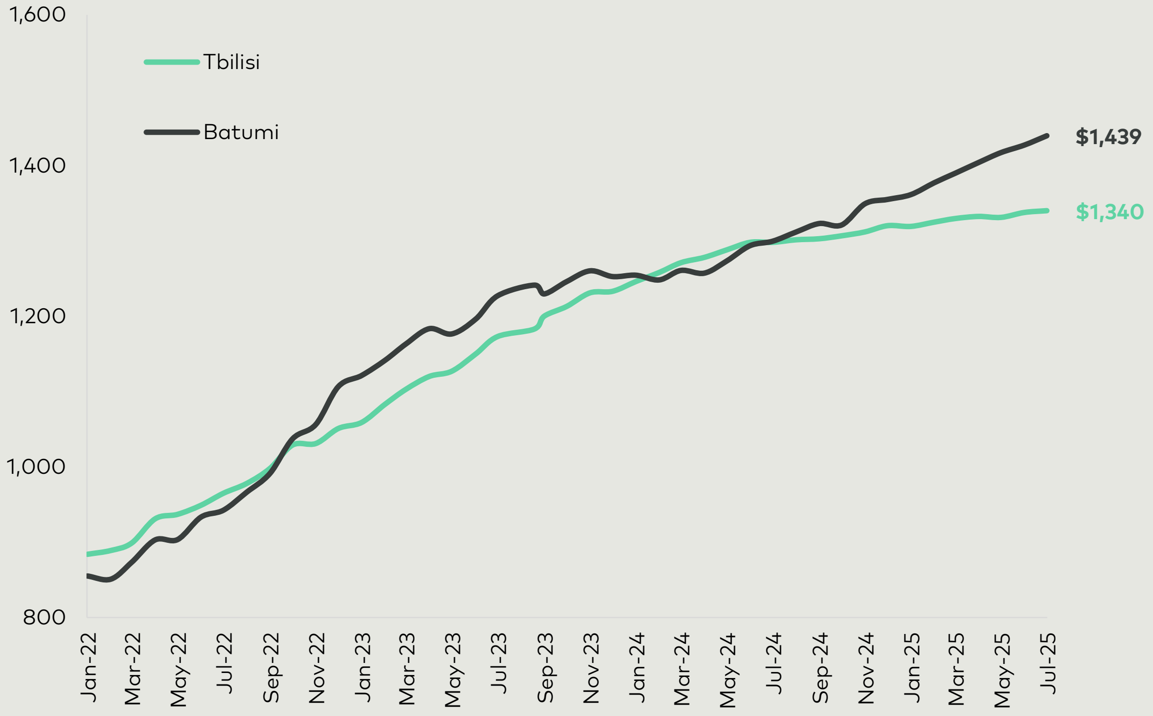
Note: Prices are given for turnkey apartments

High yields and capital gain create attractive investment environment

Tbilisi rental yield and GEL/$ deposit rates, %



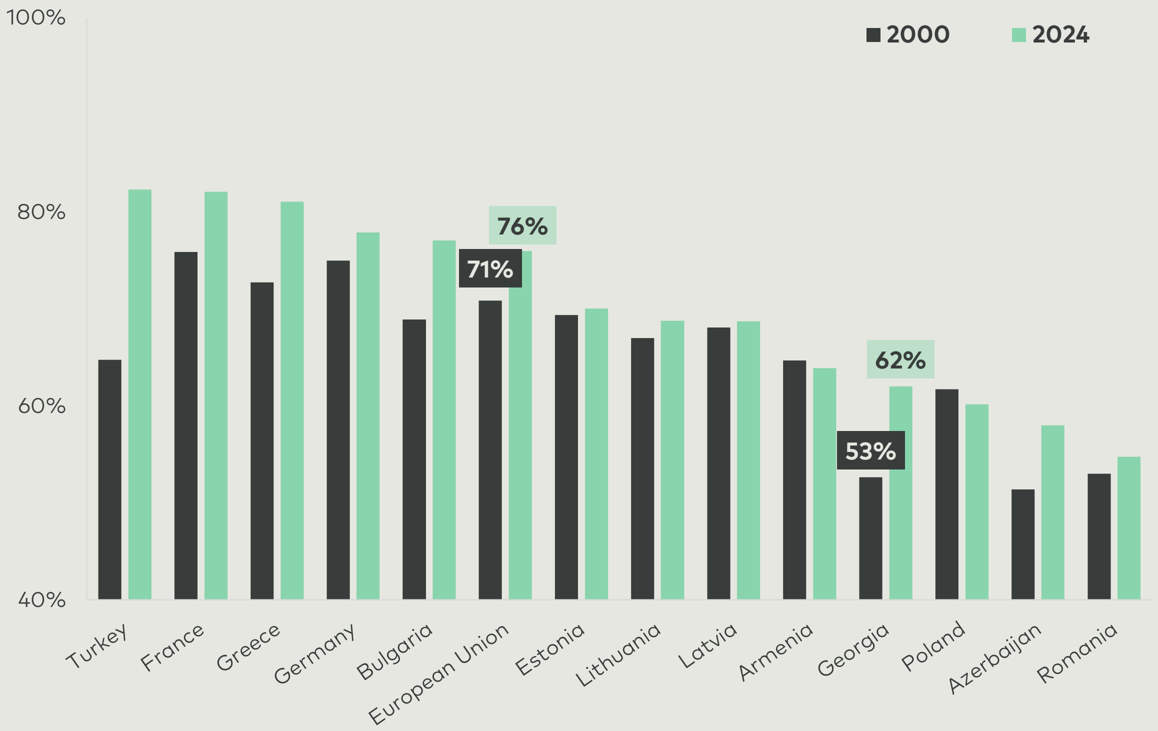
Real estate weighted average prices on the primary market by city, US$/sq.m.



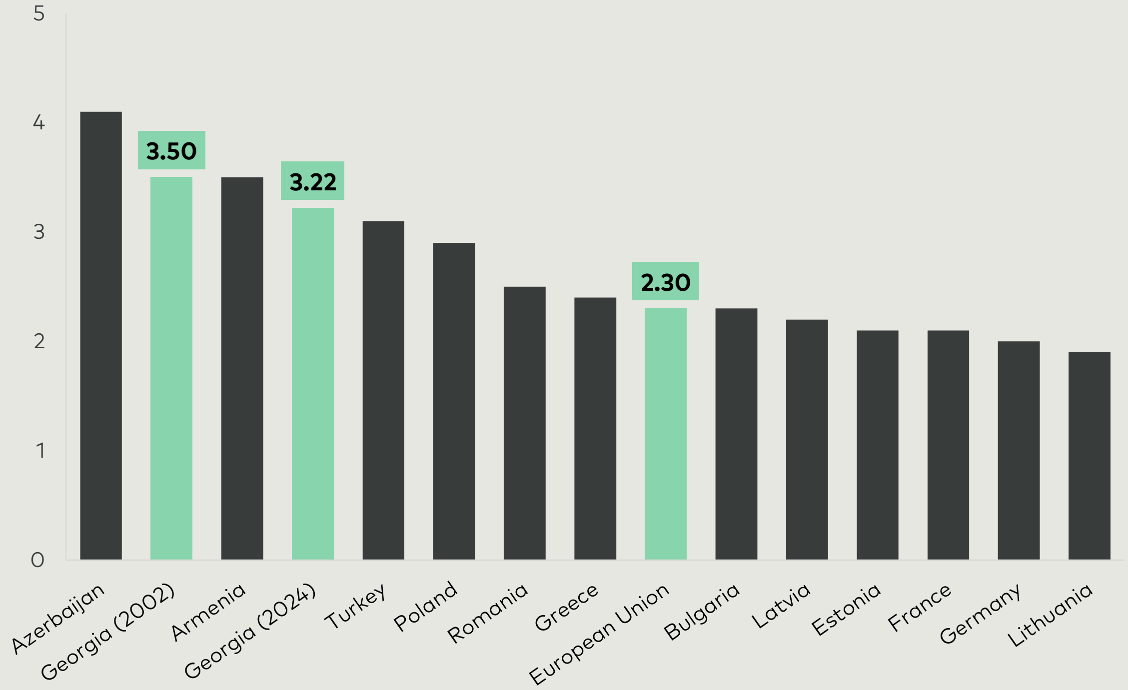
Source: NBG, Galt & Taggart

Besides investment attractiveness, urbanization growth and shrinking household size drive fundamental housing demand

Urbanization rate in Georgia and other countries, %



Average household size in Georgia and other countries, 2024



Source: World bank, Eurostat, Geostat, Galt & Taggart

Note: Urbanization rate for 2024 in comparable countries is preliminary data

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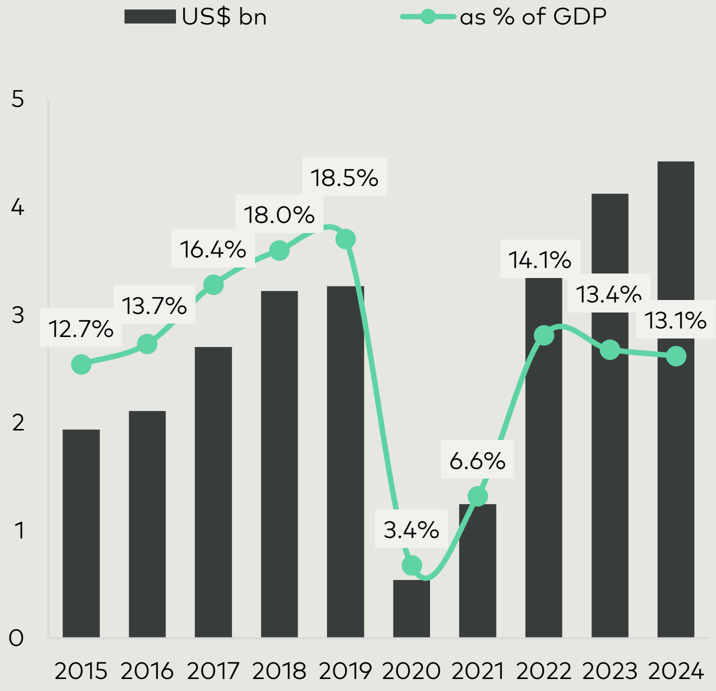
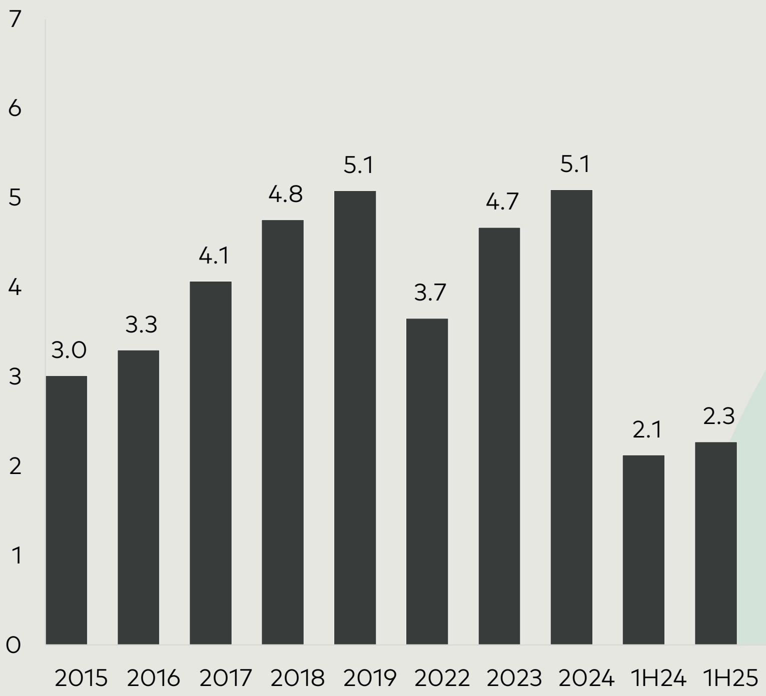
Tourism

Georgia is a popular tourist destination, and both arrivals and revenues are on the rise

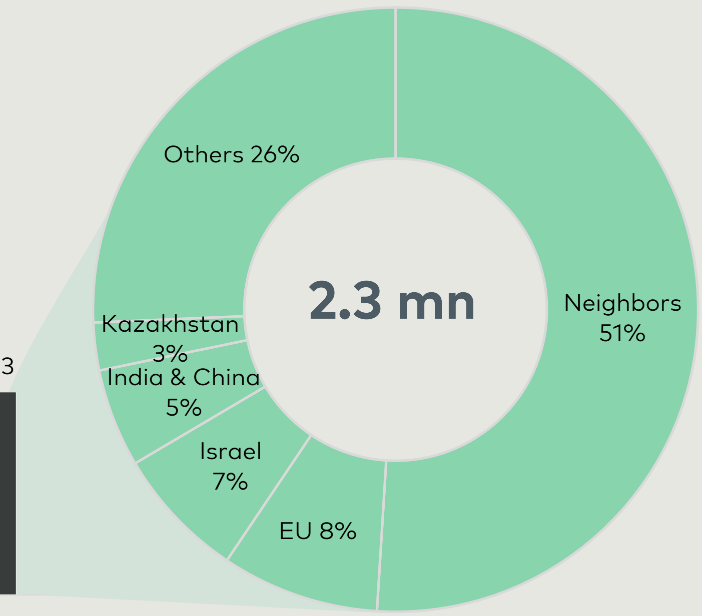
Tourism revenues



International tourists, mn



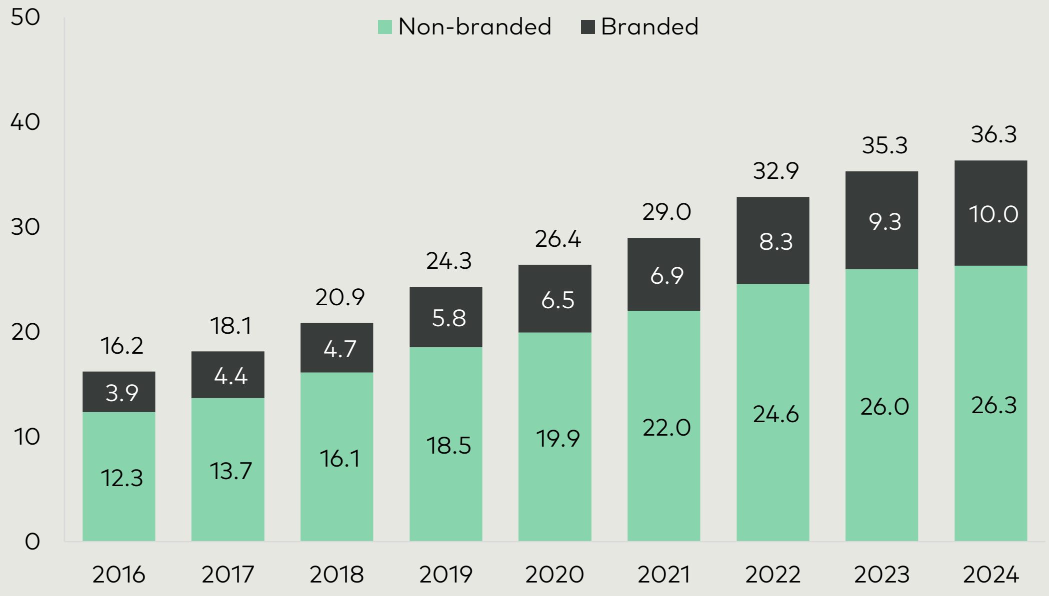
International tourists by country, 1H25



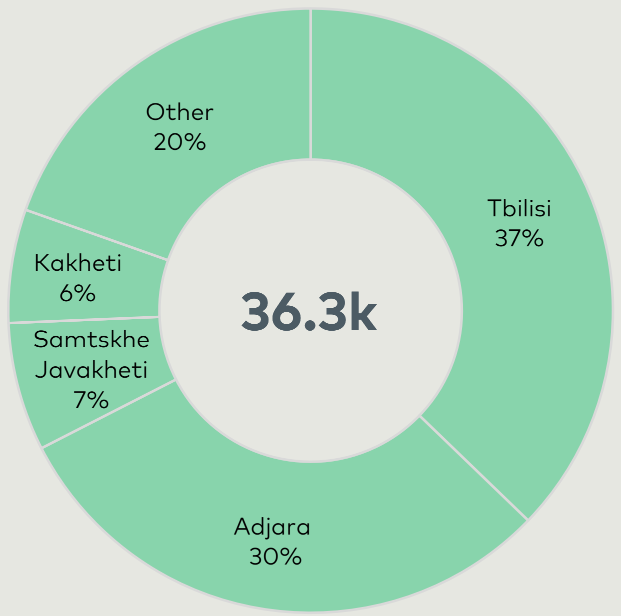
Source: GNTA, NBG

Hotel industry is one of the most attractive sectors for investors with growing interest in Georgia's regions

Number of hotel room stock in Georgia, '000



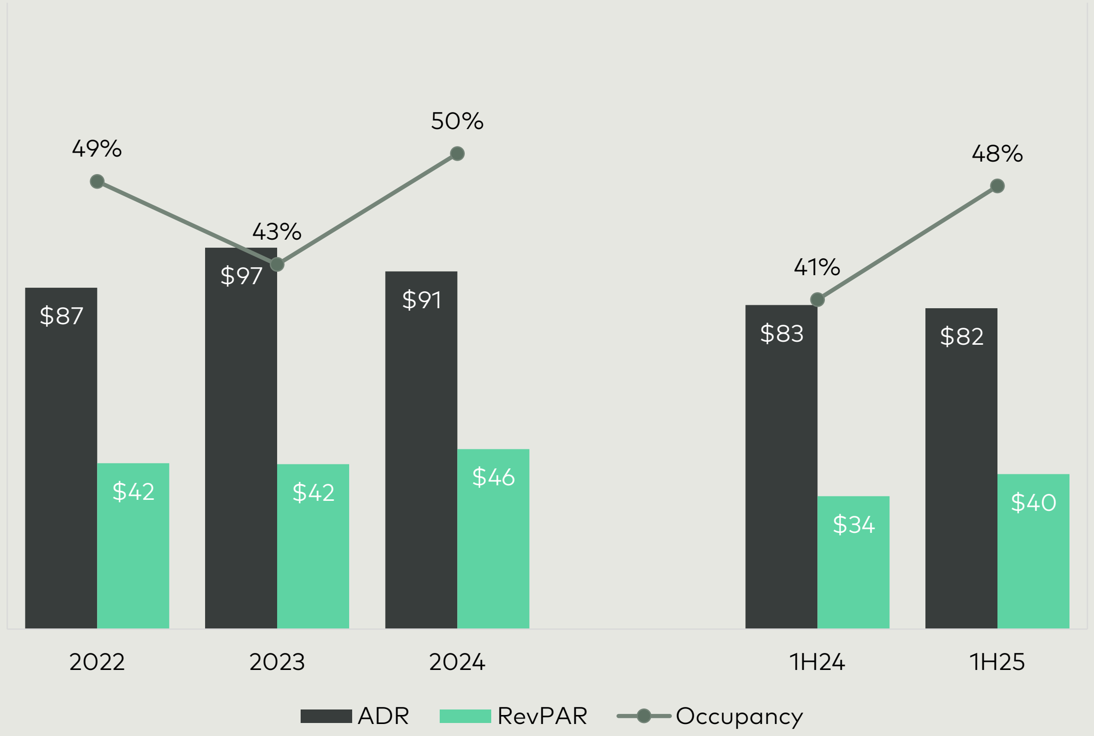
Number of hotel room stock by regions, 2024



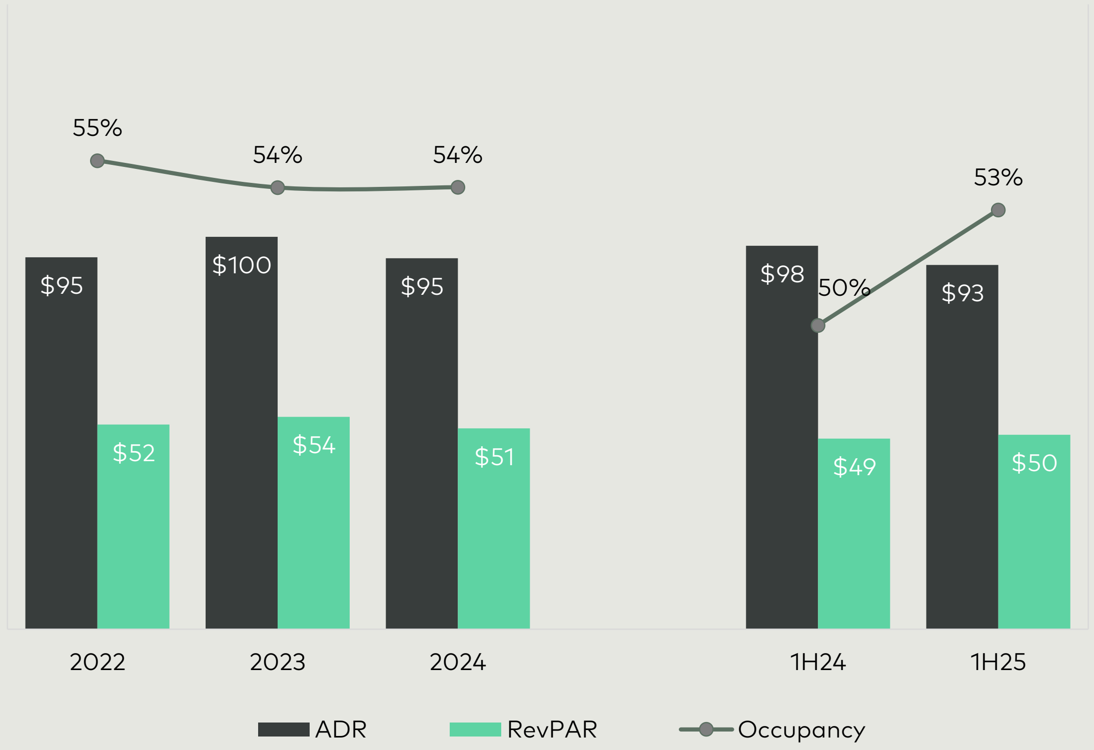
Source: GNTA, Galt and Taggart

Hotel revenues are increasing amid growing tourist demand

Selected hotel KPIs in Batumi



Selected hotel KPIs in Tbilisi



Source: STR Global, Galt and Taggart

Note: Prices are incl. VAT

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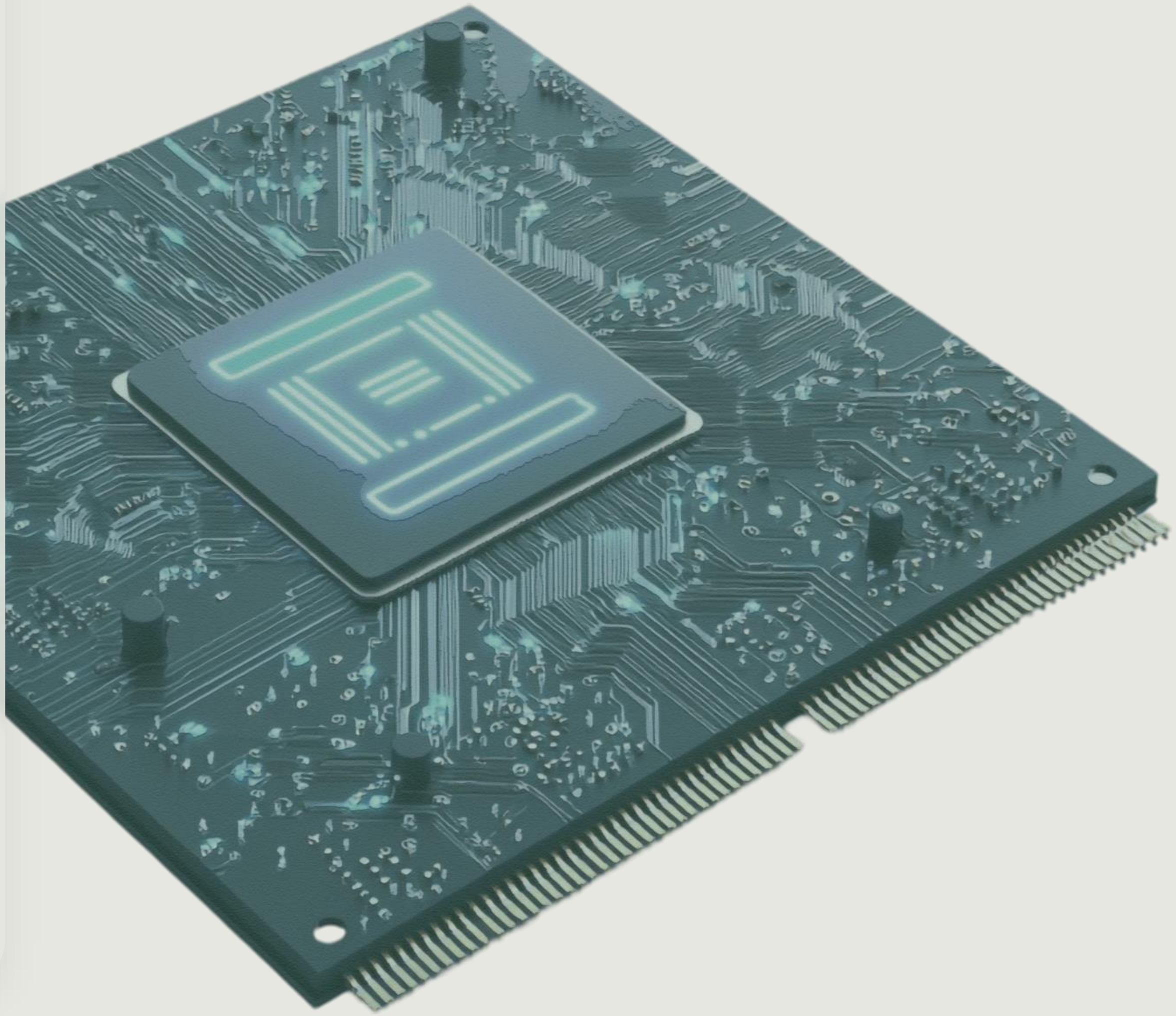
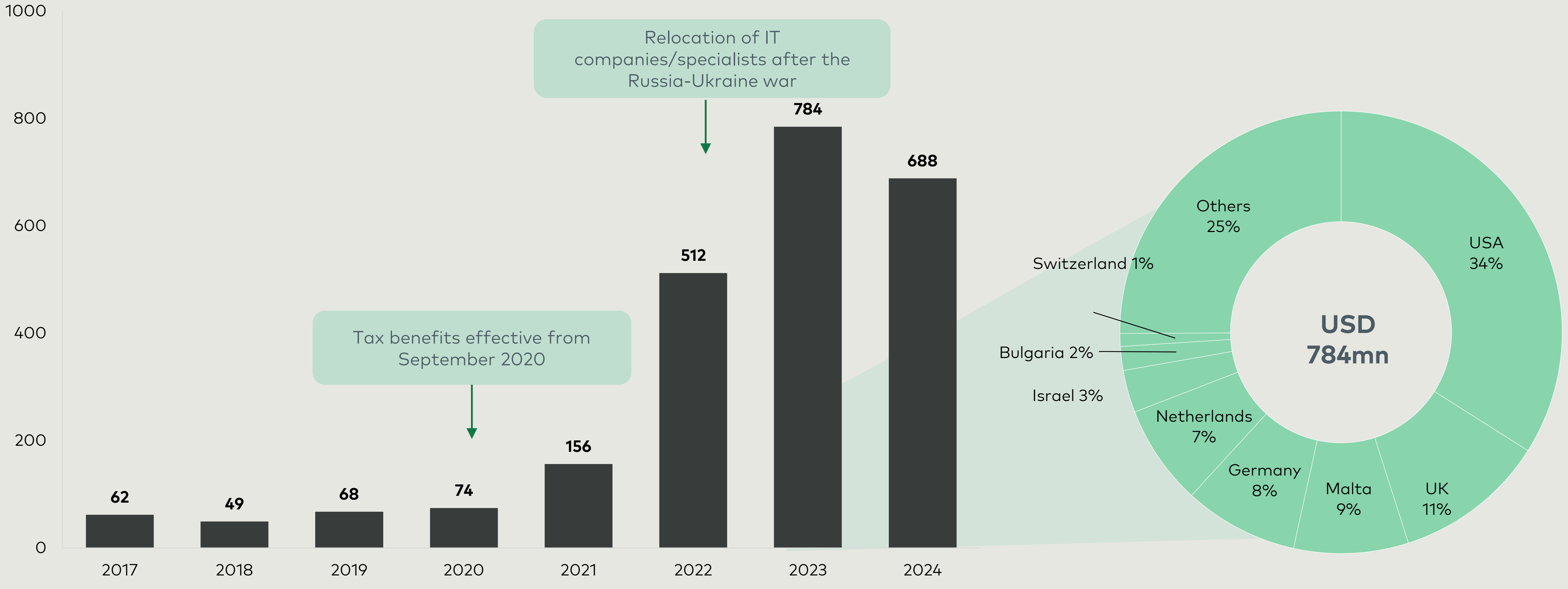
IT



IT is a fast-growing, export-oriented sector

IT services exports from Georgia, USD mn



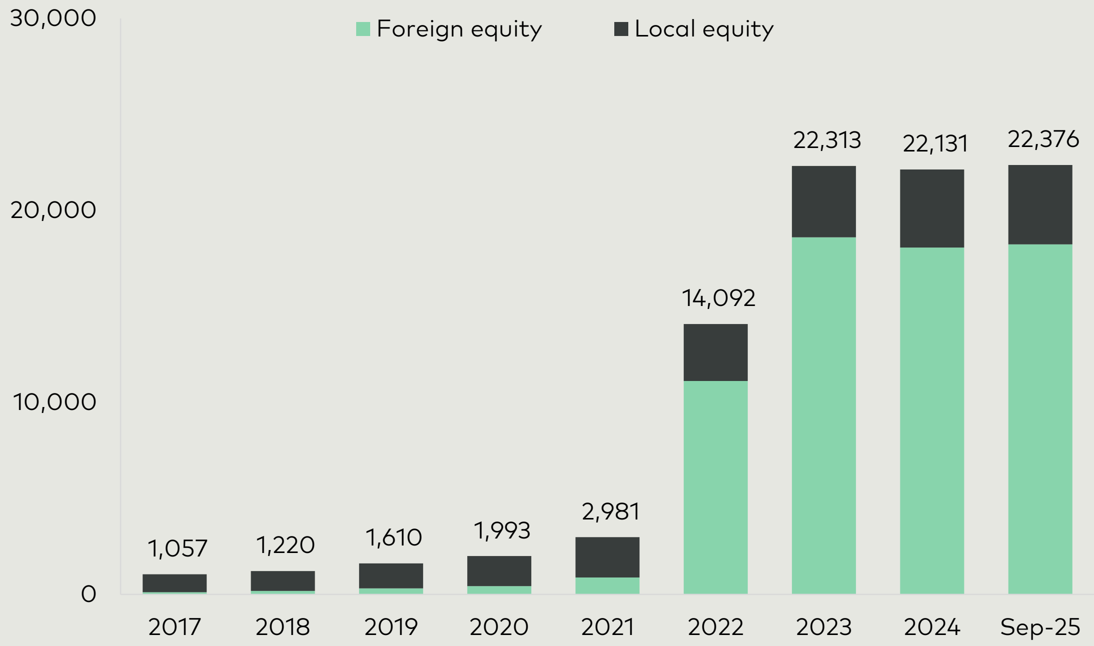
Source: Geostat, NBG, Galt & Taggart

Tax incentives attracted global players, boosting exports

Tax comparison: IT sector vs standard rate

	Tax rate for IT sector	Standard rate
Corporate income tax on distributed profit	5%	15%
Personal income tax	5%	20%
VAT	0%	18%
Dividend tax	0%	5%

Number of IT companies operating in Georgia by ownership

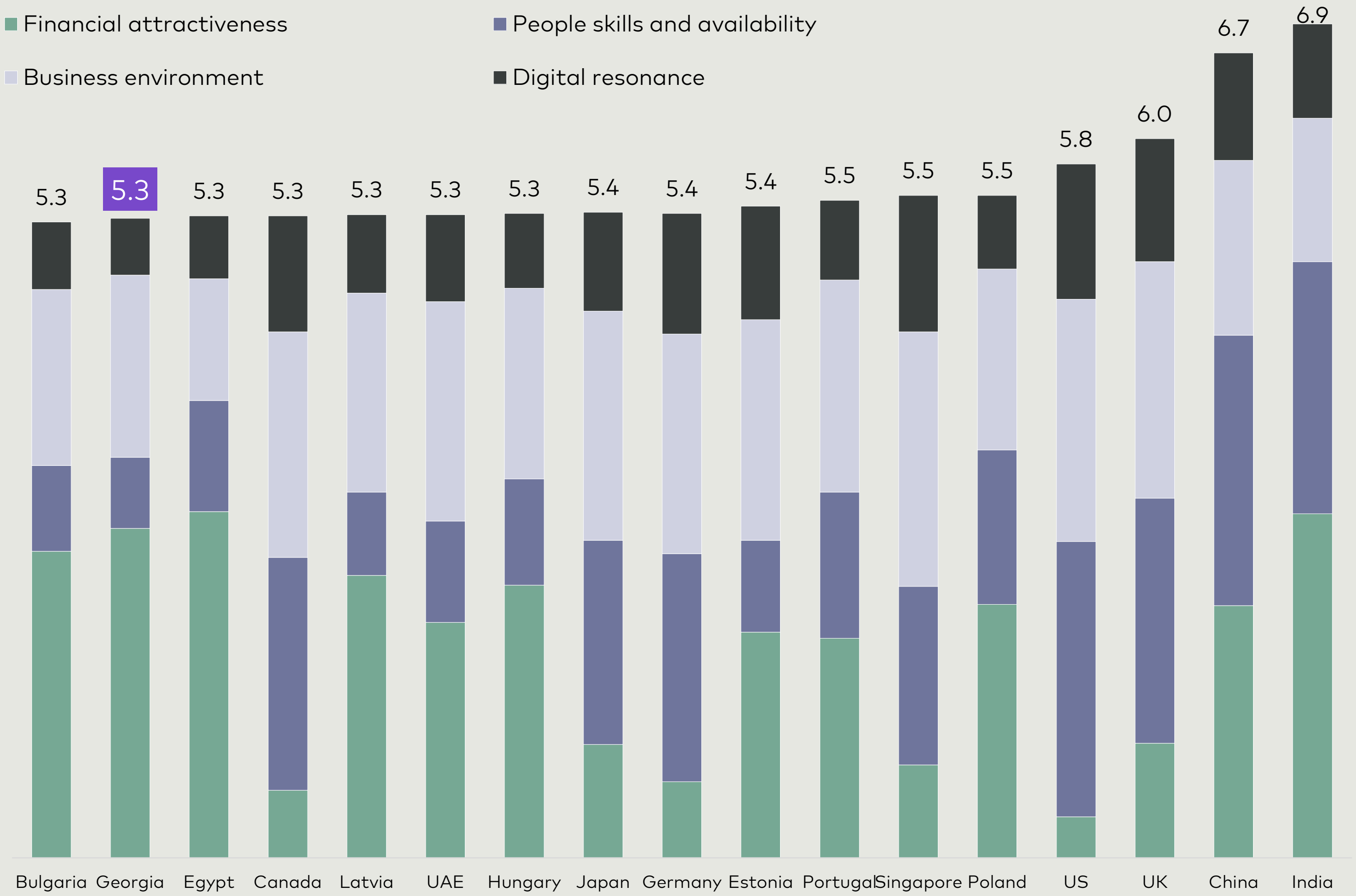


Selected int'l companies in Georgia

Source: Tax Code of Georgia, Geostat

Georgia's affordability and business-friendly environment supports IT sector growth potential

Global Services Location Index, 2023



1. **Financial attractiveness:** Labor and infrastructure costs
2. **People skills and availability:** Quantity and quality of talent
3. **Business environment:** Political, economic, regulatory and cultural aspects that affect the ease of doing business
4. **Digital resonance:** The digital skills of the workforce and the adoption of digital technologies by businesses

Source: Kearney

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